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HEARINGS

BEFORE THE

COMMITTEE ON AGRICULTURE HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH CONGRESS

SECOND SESSION

ON

CALIFORNIA DURUM WHEAT ACREAGE ALLOTMENTS
JANUARY 28, 1960

STATE EXTENSION SERVICE AND EXPERIMENT STATION
OPERATIONS
FEBRUARY 17, 1960

AGRICULTURAL SERVICES FOR GUAM—
FHA LOANS IN HAWAII
MARCH 29, 1960

REGIONAL BANKS FOR COOPERATIVES
APRIL 11, 1960

WATERSHED PROJECTS
APRIL 11, JUNE 8, AND 30, 1960

WATERSHED RIGHTS-OF-WAY ACQUISITIONS
APRIL 28, 1960

NORTH DAKOTA LAND USE RESTRICTION REMOVAL
JUNE 6, 1960

GRAIN STORAGE RECEIPT REQUIREMENT REPEAL
JUNE 6, 1960

HUMANE SLAUGHTER
JUNE 22, 1960

GREAT PLAINS AND CONSERVATION RESERVE PROGRAMS
JUNE 24, 1960

FEDERAL CROP INSURANCE ACT AMENDMENT
JUNE 24, 1960

PROMOTE FOREIGN TRADE OF THE UNITED STATES IN
GRAPES AND PLUMS
JUNE 24, 1960

EASEMENT GRANT OVER CERTAIN LANDS
JUNE 24, 1960

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VII*

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CALIFORNIA DURUM WHEAT ACREAGE ALLOTMENTS

H.R. 3315 AND S. 623

JANUARY 28, 1960

CALIFORNIA DURUM WHEAT ACREAGE ALLOTMENTS

THURSDAY, JANUARY 28, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WHEAT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice at 2:45 p.m., in room 1310, New House Office Building, Hon. Carl Albert (chairman of the subcommittee) presiding.

Present: Representatives Albert (presiding), Breeding, Belcher, and Short.

Also present: Representative Hagen.

Hyde H. Murray, assistant clerk, and John Heimbürger, counsel.

Mr. ALBERT (presiding). The committee will please come to order.

The committee is meeting today to consider a bill by our colleague, Mr. Johnson of California, H.R. 3315, which deals with Durum wheat in certain California counties.

H.R. 3315 and the Senate bill, S. 623, together with the report of the Department, will be made a part of the record at this point.

(The bills referred to, H.R. 3315 and S. 623, and the report of the Department dated April 2, 1959, follow:)

[H.R. 3315, 86th Cong., 1st sess.]

A BILL To exempt the production of durum wheat in the Tulalake area, Modoc and Siskiyou Counties, California, from the acreage allotment and marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 334 of the Agricultural Adjustment Act of 1938, as amended, is amended, effective with respect to the 1958 and subsequent crops, by adding at the end thereof a new subsection as follows:

"(j) Notwithstanding any other provision of this Act the Secretary shall exempt from the wheat acreage allotment and wheat marketing quota provisions of this Act production of durum wheat (class II) in the portions of Modoc and Siskiyou Counties, California, that comprise the area known as the Tulalake division of the Klamath project of California, as defined by the United States Department of the Interior, Bureau of Reclamation. Notwithstanding any other provision of law, durum wheat (class II) produced in 1960 and subsequent years in such area shall not be eligible for price support as provided under section 101 of the Agricultural Act of 1949, as amended."

U.S. DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., April 2, 1959.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of March 17, 1959, for a report on H.R. 3315, a bill to exempt the production of Durum wheat in the

Tulelake area, Modoc and Siskiyou Counties, Calif., from the acreage allotment and marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.

This Department does not recommend the enactment of H.R. 3315.

This bill would amend section 334 of the Agricultural Adjustment Act of 1938, as amended, to exempt the production of Durum wheat (class II) in the Tulelake area of Modoc and Siskiyou Counties, Calif., from the acreage allotment and marketing quota provisions of the act, effective with respect to the 1960 and subsequent crops, and to make ineligible for price support Durum wheat (class II) of the 1960 and subsequent crops produced in such area.

Our primary objection to the enactment of this bill stems from the fact that it would establish a precedent which could be used by producers of other classes of wheat, as well as producers of other commodities, as a basis for similar requests for exemption by legislative action. Such requests, if granted, could work to the disadvantage of producers of the commodity in other areas and would be inconsistent with the real purpose and objectives of the production adjustment programs.

It is our opinion that the enactment of this bill would be unfair to producers of Durum wheat (class II) in areas outside the Tulelake area of California, because unrestricted production of Durum wheat in the Tulelake area would result in a considerable increase in the acreage seeded in such area and a substantial reduction in the movement of macaroni products from other areas of production to the west coast. We believe that the potential production of Durum wheat in the Tulelake area would be adequate to supply most of the needs of the macaroni industry on the west coast.

With the carryover of Durum wheat at the beginning of the 1959-60 marketing year currently estimated at 21 million bushels and with prospective plantings of this class of wheat for 1959 indicated at 1,273,000 acres, it is believed that the supply of such wheat for the 1959-60 marketing year will be adequate to meet all domestic and export requirements and provide a carryover at the beginning of the 1960-61 marketing year of at least 10 million bushels. With an indicated carryover of this size, we feel that the supply of Durum wheat for 1960-61 will be more than adequate to meet all anticipated requirements without the enactment of legislation such as contained in this bill.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

[S. 623, 86th Cong., 1st sess.]

AN ACT To provide a two-year extension of the existing provision for a minimum wheat acreage allotment in the Tulelake area of California

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 334(i) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1334(i)), is amended by striking out "1958 and 1959" and inserting "1958 through 1961".

Passed the Senate August 19 (legislative day, August 18), 1959.

Attest:

FELTON M. JOHNSTON,
Secretary.

Mr. ALBERT. We are glad to have you here, Mr. Johnson. We will be pleased to hear from you at this time.

STATEMENT OF HON. HAROLD T. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE SECOND CONGRESSIONAL DISTRICT OF THE STATE OF CALIFORNIA

Mr. JOHNSON. Thank you, Mr. Chairman, and members of the committee, we have asked for consideration of the Senate version of the Durum wheat bill that was sent across to the House, which Senate bill is known as S. 623. That bill came across and we asked the chairman

of the full committee for a hearing at that time. Owing to the fact that he was out of the country, and time was getting short, he told us that we would not be able to have a hearing on the bill until Congress reconvened in January; that he would grant a hearing on the bill, so that if it received favorable consideration by this subcommittee, it would allow these people in the area to get their planting in in time to make a crop this year.

Mr. ALBERT. You are addressing yourself to S. 623, which is the bill which you are advocating this afternoon?

Mr. JOHNSON. Yes, Senate bill 623; Senator Kuchel and Senator Engle introduced this bill on the Senate side. They are in complete agreement with the bill as it now reads. It merely provides for an extension of time in the planting order affecting this area as it applies to Durum wheat.

In the Tulalake Basin, we have, approximately, 770 homestead farms. There are about 540 farmers who have been participating in this Durum wheat program. They have been given an acreage of, approximately, 8,000 acres. If this bill is not granted, there will be no provision made for a planting this year. Durum wheat planting will stop.

If the language in this bill is adopted it will merely extend this for the years 1960 and 1961 and will allow them to make this planting of Durum wheat.

There are very few areas in the United States that are capable of producing a Durum wheat crop. In the Tulalake Basin we have about 8,000 acres that are suitable for this type of wheat.

Also, it is my understanding that there is no surplus in Durum wheat at the present time that this would interfere with, and the market for this particular crop is on the west coast, and the market there could absorb all of the wheat that could be produced.

I have with me today Mr. James Stearns, who is chairman of the Durum Wheat Committee of Tulalake, and Mr. Kenneth Baghott, who is the farm adviser of the University of California, a resident of Tulalake. They are both very familiar with this program and have participated in the program and will make a brief statement and answer any questions that you gentlemen might have to ask of them.

They have been very familiar with the program from the start. The program began in 1954. It has been a program there ever since, and we are in high hopes that your subcommittee will give it consideration and allow this bill to go to the floor of the House and become law, so that they can get their planting in this year and also next year.

Mr. ALBERT. Will you come forward, Mr. Stearns.

Mr. SHORT. I do not mean this as a critical question, but you made the statement that if S. 623 is not enacted, you would not be able to plant any Durum wheat. It seems to me that under the law everyone of these farmers could plant 15 acres which would be less, of course, than what you are asking for.

This problem comes up from year to year. Those who may desire to plant Durum wheat could not be allowed to plant more than 15 acres. You need this legislation in order that some of them may plant in excess of the 15 acres, and not to be completely out of compliance with the present wheat program?

Mr. JOHNSON. I think that Mr. Stearns will have to answer that as to the program. It was my understanding that they would not be able to plant the Durum wheat.

Mr. SHORT. Anybody in the United States under the law can plant 15 acres of wheat.

Mr. JOHNSON. Of wheat?

Mr. SHORT. Of Durum wheat, or any kind of wheat.

I am not trying to be critical, but I want the record to be clear on that point.

Mr. JOHNSON. I appreciate your advice. I know that you come from one of these areas and are much more familiar with the program than I am. But it was my understanding that this bill was needed in order to allow them this acreage.

Mr. SHORT. I sympathize with the bill and its purposes.

That is all, Mr. Chairman.

Mr. ALBERT. We will be glad to hear from you, Mr. Stearns. Please identify yourself for the record.

STATEMENT OF JAMES C. STEARNS, CHAIRMAN, DURUM WHEAT COMMITTEE, TULELAKE, CALIF.

Mr. STEARNS. My name is James C. Stearns, and I am chairman of the Durum Wheat Committee. I am a farmer in the Tulalake Basin. Did you want to clear that point up, Mr. Short?

Mr. SHORT. You may care to clarify this as to just exactly what your problem is. I think your problem needs a bit of clarification. I am not opposing what you are attempting to do.

Mr. STEARNS. Each of these farmers can plant 15 acres under the exemption, as any wheat farmer in the United States can, but we have a problem of economics here; 15 acres of wheat, even under the irrigated conditions, for the very small farmers, is a very small amount of wheat, and in practical application it means that a portion of those farmers will plant the 15 acres and will get the combines inspected, and their drills repaired, and will build irrigation ditches that segregate it, and so forth, but we are unable under that 15-acre provision to raise a sufficient amount to keep our markets in San Francisco interested at all.

Under this it adds up to the fact that around 1,500 or 2,000 acres would be planted, and the millers in San Francisco, the macaroni manufacturers there require a larger amount of wheat than that in order to satisfy their grain requirements to absorb it.

The 8,000 acres are enough. They have been using that to very good advantage since we have been able to produce it.

Mr. ALBERT. There are only about a hundred or so that participate in this program; is that correct?

Mr. STEARNS. Up to this point, something over 200 of the 540 farmers have. The crop is a good enough crop for the valley so that probably more will, as time goes by, participate, and under these provisions of this 8,000-acre bill, new farmers who have not raised it before must be considered and given a share of that additional acreage, if they request it, each year.

Mr. ALBERT. How is it allotted?

Mr. STEARNS. How do they allot it?

Mr. ALBERT. Yes.

Mr. STEARNS. I would rather that the Department people answer that question. They have been allotting it under the regular system of allotments that they use. I am not able to go into the fine points of the law as to dividing it up. I will only say that each new application for a portion of these 8,000 acres should be considered and given his share. And those who have had it before are reduced in accordance with that, to absorb that allotment, within the confines of the Tulelake Irrigation District, an area of, approximately, 45,000 farmed acres.

Mr. ALBERT. Thank you.

Do you have a statement? Will you come forward and identify yourself for the record?

STATEMENT OF KENNETH BAGHOTT, FARM ADVISER, UNIVERSITY OF CALIFORNIA, TULELAKE, CALIF.

Mr. BAGHOTT. My name is Kenneth Baghott. I think that I have some figures that might add to this discussion with regard to the number of farmers that have taken part in this program.

Last year there were 272 farmers in Tulelake that took an active part in this Durum wheat program. On fact that was not brought out by Mr. Stearns and by Congressman Johnson is that in our area, which is a high valley, it is necessary to have crop rotation to maintain our wheat production and keep it under control—to keep our production as it is in other areas.

However, we also raise some malting barley. Our problem in malting barley is actually nothing different than with other commodities other than the fact that the protein gets too high and the malters will not accept it.

And the amount of protein in potatoes is too high and is not used for anything except for feed.

It is the reverse on Durum wheat. They ask for a high protein wheat. We put it in after the potatoes to keep the protein up.

Most of our potato fields are more than 15 acres. We try to cover all of the potato fields that a man plants with Durum and it runs to about 11,000 acres. That is the primary reason, I think, that the 15 acres would not fit in.

However, there are many people who still use the 15-acre allotment.

As to the crop rotation and the size of these homesteads, to appreciate the need, in Siskyou, the west side of the basin, the old homestead area, they average from 45 to 60 acres, and in the new area approximately 75 acres is the size.

I believe that is all I have to say.

Mr. BREEDING. You say you are from the Department of Agriculture?

Mr. BAGHOTT. I am from the University of California.

Mr. BREEDING. What has been your allotment; do you have figures on that?

Mr. BAGHOTT. This new area, the entire two counties of which we are a portion, has an acreage allotment. However, on the Siskyou side of the basin, if you will bear with me just a minute, they have an allotment of 301 acres, and on the Modoc side of the basin—I do not know the exact figure, it averages just a little over 300 acres.

Mr. ALBERT. Congress saw fit to give them complete exemption up to 8,000 acres. There will be an allotment. But if this bill is not passed, the allotment will not mean anything?

Mr. JOHNSON. That is right.

Mr. BREEDING. Do you have other areas close by that raise Durum wheat?

Mr. BAGHOTT. The State of Montana is the closest one to us. In California, because of climatic conditions, we cannot grow Durum wheat elsewhere in the State. This is a real high, cold area, so to speak, and the San Joaquin or Sacramento Valleys just cannot grow Durum wheat. It is not a profitable or millable crop.

They do not raise it in any other area. I believe that Montana is probably the closest, or perhaps the triangle area in North Dakota.

All of this wheat that we grow goes to the west coast market, since the adoption of this Durum wheat program.

Mr. ALBERT. Does that complete your statement?

Mr. JOHNSON. That does.

Mr. ALBERT. The committee would like to hear from the Department in explanation of its position on this matter.

STATEMENT OF J. ALTON SATTERFIELD, COMMODITY STABILIZATION SERVICE; ACCOMPANIED BY HUBERT E. DYKE, ASSISTANT DEPUTY ADMINISTRATOR FOR PRODUCTION ADJUSTMENT, COMMODITY STABILIZATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. SATTERFIELD. Mr. Chairman, Mr. Dyke from the Administrator's office, is with me and he will speak for the Department on this bill.

Mr. DYKE. My name is Hubert Dyke, and I am the Assistant Deputy Administrator for Production Adjustment, CSS, USDA.

Mr. ALBERT. Do you have a position on this bill?

Mr. DYKE. The Department is not opposed to S. 623 as amended, which provides for an additional 8,000 acres for the Tulelake area.

Mr. ALBERT. For the 2 years?

Mr. DYKE. For an extension of 2 years, covering 1960 and 1961.

We were opposed, of course, to the original version of S. 623 which provided for an unlimited amount of wheat to be grown in the Tulelake area, for the reason given last year, not by myself but by Mr. Manwaring of the Department, that it was detrimental to the overall allotment and quota program of the Department.

Some of the statements which have been made lead me to say a little more than I had intended to say. Congressman Short corrected one of the statements made.

The other statement was that there is no Durum wheat in surplus, whereas we actually had a little over 11 million bushels of Durum wheat in the possession of the Commodity Credit Corporation at the beginning of the year.

The testimony of a few minutes ago with regard to how allotments are set was lacking in its completeness, I thought. The allotments are established in the Tulelake area somewhat similar to the procedures that are used for the establishment of new wheat farms in any area.

As you may know, it is possible for a wheat farmer—or I should say a farmer—to come in who does not have a wheat allotment, and under certain conditions be granted what is known as a new wheat farm allotment.

In the Tulalake area they do have wheat allotments. They are small because they have not been growing wheat for a long period. And since we do use a 4-year history method of establishing allotments, these additional 8,000 acres that were provided for that area were distributed in a manner similar to the establishment of a new wheat farm allotment, based on the economic needs, the conditions of the farms, the ability to grow wheat, and so on. This decision is made by the local ASC County Committee.

Mr. HAGEN. Each year they begin a new allotment, because of the development of this history.

Mr. DYKE. Yes, that is true. We drop a year and pick up a year, so that we are still retaining a 4-year history for a farm, and these 8,000 acres do not contribute to history for the farm. I will stand corrected; Mr. Satterfield says that it does build history for the farm.

Mr. HAGEN. But not for the State or the county?

Mr. SATTERFIELD. Yes; history also accrues to the State and county.

Mr. ALBERT. I was under the impression that it did not add to the history.

Mr. SATTERFIELD. Let me look at the language in the act, if you will pardon me for just a minute.

Mr. HEIMBURGER. I have it here, if you would like for me to read it.

Mr. SATTERFIELD. Yes.

Mr. HEIMBURGER. The present provision of law which this bill would merely extend reads as follows, that is, the relevant portion:

The additional allotments made available by this subsection shall be in addition to the National, State, and county allotments otherwise established under this Act, but the acreage planted to wheat pursuant to such increased allotments shall be taken into account in establishing future State, county, and farm acreage allotments.

I think the situation is that the history will be relatively effective in establishing farm allotments because the farm allotment is based in part on the 4-year history of planted wheat on the farm but since the county allotment is based on a 10-year history period, you would have a situation created where you would have farms in the county entitled to allotments with no acreage in the county with which to make the allotments.

Mr. SATTERFIELD. That can be taken care of in this way. We have a national reserve from which we can allocate to counties additional allotment to take care of new areas coming into production. This would be one of those cases. The allocation would prevent hurting the other producers in the county.

Mr. ALBERT. Otherwise, you can never have any stability.

Mr. SATTERFIELD. That is correct. These people would never be able to build sufficient history to obtain an adequate allotment. Whenever this law expired, they would be cut off.

Mr. ALBERT. May I ask you a question, Mr. Dyke?

You said that you have no objection to the bill, but that there were 11 million bushels of Durum wheat in present Commodity Credit Corporation stocks.

Mr. DYKE. Yes.

Mr. ALBERT. Is your reason for not objecting to this in view of that fact, that this particular market belongs to this area; is that your reason?

Mr. DYKE. Yes. We feel that there is an economic need peculiar to this little area. And after all, it is a long way from the nearest Durum wheat producing area. Of course, our 11-million-bushel surplus that I spoke of is located back in Minneapolis and in that area.

I just wanted to correct the record that there was a surplus in the hands of the Commodity Credit Corporation.

Mr. SHORT. Should it not also be pointed out that Durum wheat from the other Durum wheat producing areas does not move to San Francisco, Calif., in the normal course of moving the wheat?

Mr. DYKE. That is true, yes.

Mr. ALBERT. Are there any other questions?

Mr. Heimbürger, do you have any questions?

Mr. HEIMBURGER. I have no questions. Thank you.

Mr. ALBERT. Mr. Belcher?

Mr. BELCHER. No questions.

Mr. ALBERT. If there are no further questions, without objection then the committee will go into executive session.

(Whereupon, at 3:15 p.m., the committee went into executive session.)

STATE EXTENSION SERVICE AND STATE EXPERIMENT
STATION OPERATIONS

FEBRUARY 17, 1960

STATE EXTENSION SERVICE AND STATE EXPERIMENT STATION OPERATIONS

WEDNESDAY, FEBRUARY 17, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON RESEARCH AND EXTENSION
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m., in room 1310, New House Office Building, Hon. Thomas G. Abernethy (chairman of the subcommittee) presiding.

Present: Representatives Abernethy, Jones, Coad, Stubblefield, Dixon, Quie, and Mrs. May.

Also present: Representatives McIntire and Pirnie.

Also present: Christine S. Gallagher, clerk, and Hyde H. Murray, assistant clerk.

Mr. ABERNETHY. The subcommittee will come to order.

The committee meets this morning, not for the purpose of taking testimony on legislation, but for receiving information from our extension people, the land-grant colleges, and the directors of our experiment stations.

We feel honored that you have come to meet with us. We have a very high regard for each of you and particularly for the work which you are doing. We are glad that we have this opportunity of sitting down with you and discussing subject matters which are of extreme interest and importance to American farmers, as well as to the American consumer.

Our first witness today, according to the agreement among you gentlemen, will be Dr. Nesuis.

Is anyone to accompany you?

Mr. NESUIS. Mr. Frank Ballard, who is associate director of extension for Oregon State College, will accompany me, and if I may, I should like to have him occupy this chair and we will present our statement together.

Mr. ABERNETHY. Very well. You may proceed.

STATEMENT OF ERNEST NESUIS, ASSOCIATE DIRECTOR, AGRICULTURAL EXTENSION SERVICE, UNIVERSITY OF KENTUCKY, LEXINGTON, KY., AND FRANK BALLARD, ASSOCIATE DIRECTOR, OREGON STATE COLLEGE, CORVALLIS, OREG.

Mr. NESUIS. Mr. Chairman, and members of the committee, as you are very much aware, we are very close together in extension and we present our statements together, with the intention of demonstrating that we do function and work together.

The manner in which we are going to present our statement will be that we will switch back and forth between Mr. Ballard and myself. We will not read our statement. You have a copy of the statement before you.

Mr. ABERNETHY. Without objection, the statement entitled "Extension Service Progress Report to Subcommittee on Research and Extension of the House Standing Committee on Agriculture" will be inserted in the record at this point.

(The prepared statement follows:)

STATEMENT OF ERNEST NESUIS, ASSOCIATE DIRECTOR, UNIVERSITY OF KENTUCKY, LEXINGTON, KY., AND FRANK BALLARD, ASSOCIATE DIRECTOR, OREGON STATE COLLEGE, CORVALLIS, OREG.

The House Standing Committee on Agriculture demonstrated in 1953, as it had also many times in the past, a positive interest in a modern program of agricultural and home economics extension education. This educational enterprise, financed jointly by Federal, State, and county governments, is generally regarded in educational circles as the most effective adult education program in all the history of education.

Your committee of the 83d Congress, 1st session, led in bringing about needed revisions in the Smith-Lever Act of 1914.

Now, after nearly 7 years, we, in the State extension services, are convinced that this move was a sound and progressive one. We are glad to express our appreciation to your committee and to acknowledge its farsightedness.

Revision of the Smith-Lever Act and the subsequent modest increases in funds granted by Congress for the Cooperative Extension Service have permitted a continuous and stepped-up educational program to provide families with factual agricultural and home economics information and to develop and assist with evolving improved management and other adjustment opportunities in rural areas. We are convinced that the State extension services are very much attuned to the current needs and opportunities brought on by an onrush of technology. We have given much thought to the way cooperative extension work can be of greatest service to families with information on agriculture, home economics, and related subjects.

Therefore, we are glad of your request to present to you a report of progress on accomplishments, trends, and intentions in cooperative extension work as it is carried out by extension services in the 50 States and Puerto Rico. We hope to maintain your interest in cooperative extension work as an opportunity to further the general public welfare through aid to our rural families and others to which our educational program may apply.

Our accomplishments are many, we believe, but we would list for you the following points as seeming most noteworthy to us.

1. States have demonstrated their positive interest in the Cooperative Extension Service by increasing their appropriations. The combined increases in the States have averaged more than 50 percent greater than those from congressional appropriations. We consider this not only as a vote of confidence in the competency of the Extension Service but also approval of the congressional intent in increasing its support.

2. State extension services have followed closely our informal agreement with Congress to use most of the increased funds for more county workers and to step up our work on intensive on-the-farm assistance, marketing, county total program development, including salary increases for county extension workers.

3. Program approaches such as the 4-H Clubs, homemakers' educational projects, and agricultural commodities have continued to receive major attention, although considerable change has occurred.

4. State extension services report larger and larger audiences each year, with increasing demands for expanded educational services. Extension served 9 million families in 1954 and 13 million in 1959.

5. State extension services have initiated some new and perhaps broader approaches in assisting rural families to meet and adjust to the pressing problems created by technological changes and scientific advances. The rural development program, carried out jointly with other State and Federal agencies, is an example.

6. State extension services have found some undeveloped areas of opportunity, which so far are unfulfilled but for which recognition is increasingly requested. Predominant among these areas of opportunity are the increasing requests of urban people for home horticultural, home economics, and 4-H project work in agricultural and home economics subjects. Also there is the demand by rural communities in transition for help in community improvement through community education, and community service. There is also an expressed need for public affairs education.

In the subsequent discussion we shall elaborate these six points for you.

I. APPROPRIATIONS FROM STATES INCREASING FASTER THAN FROM CONGRESS

We believe it is a healthy situation and that successful accomplishments are reflected when States demonstrate their willingness to increase their fund support for extension. This is the State—State and county—support exceeds congressional support by more than 50 percent over the 1954-60 period. In 1953, payments to States from Federal funds amounted to \$32,266,000 while total funds from within the States were \$52,443,000. By 1960 Federal funds to States had increased \$21,449,00 and funds from within the States \$34 million. State extension services are making every possible effort to continue to serve their clientele so as to maintain this confidence.

II. EXTENSION SERVICES HAVE KEPT THEIR INFORMAL AGREEMENTS WITH CONGRESS

Intensive on-the-farm assistance

In 1954 we outlined the need for more on-the-farm assistance. We estimated that 80 percent of increased funds would go to hire additional county agents. Actually 87 percent of the increase was used for this purpose.

Last year more than 70,000 families were enrolled in developing plans in farm and home development, our intensive program approach. In addition, another 74,000 families were helped to take the first step toward attacking some of the major problems on their farms.

Of these 144,000 families receiving this intensive business management education and assistance in 1958, 12 percent were just getting started in farming, 18 percent had little previous contact with Extension, and 32 percent were classed as low-income farmers.

The benefits of this work extend to every aspect of farming and family living. Improvement in income is one tangible evidence. For example, in Indiana more than 3,000 families were assisted in this program in 1958. An analysis of 200 records sent to the State extension office for summarization showed an average increase in income of \$1,700 per farm over 1957. This contrasted with an increase of \$113 on the average Indiana farm for the same year. The Indiana farm and home development families increased their incomes \$10 for every \$1 the Extension Service spent to assist them. This, in turn, meant an increase of about \$2 in Federal taxes for each dollar spent for Extension in this instance.

The problems faced by farm families demand an educational approach that attacks the total problem of the family systematically and teaches the family how to use technical information. Our experience to date demonstrates that this program returns many times what it costs.

Marketing

In 1954 also we said we would expand marketing work if we had more funds. We received more funds and have greatly increased this work.

Work with marketing firms has received considerably more attention. One of the striking changes in the extension marketing program has been the emphasis on increased efficiency of the marketing system as well as that of individual firms. Extension's efforts in marketing work with farmers has continued to help them with their problems. But most effort today is directed toward increasing the efficiency of individual marketing and processing firms as well as the entire system.

Some new areas of work are being developed in cooperation with selected States. Examples include a pilot program with retailers and wholesalers on the handling of frozen foods, assistance to the wood processing industry, and work with cotton finishers on improvement of the quality of wash-and-wear cotton goods available to consumers.

Work with McIntosh applegrowers, equipment manufacturers, contractors, and others concerned with the fruit industry in Massachusetts illustrates what can

be accomplished in the marketing field. Through the developments of a cold storage program, involving the control of the amount of carbon dioxide and oxygen, the life of McIntosh apples was extended as much as 4 months. Result: More than \$1 million added income to growers and wholesalers since the program was started in 1952.

County program development

In 1955 we indicated a need and expressed our intention to increase involvement of local people in county program development. We call it program projection. We are carrying out this method of developing annual and long-time county programs in more than 2,000 counties. In this process leadership in the various major rural affairs interests within the county is in each instance brought into a series of conferences with representatives of the Extension Service and other State and Federal agencies. The position of each of the interests involved is carefully analyzed in its relationship to State and even National developments, and the improvements or adjustments required to bring that interest into more harmonious relationship to these broader developments are canvassed with the extension staff people serving as resource personnel. Agreement is then made between these leaders and the extension staff personnel as to the improvement program to be followed. Thus a program, developed on a partnership basis, is the result. From 100 to 500 individual citizens participate in this analysis of a county situation and determination as to improvement programs.

Nine major subject areas of program emphasis have been identified to represent broadly the scope of responsibility by the Extension Service. These areas constitute the hard core of our program. The nine subject areas are efficiency of production, marketing, conservation, management, family living, youth development, community improvement, public affairs, and leadership development.

For further study of extension's responsibilities in these areas, a task force from many States was assigned to each program area. Each task force was asked to outline a statement on subject matter, clientele, extension responsibilities and objectives, how these are to be accomplished, and the requirements, if extension is to do them. This effort resulted in a second document dealing with scope of extension entitled, "A Guide to Extension Programs for the Future."

(This document referred to above has been submitted and may be found in the committee files.)

States have followed up by developing hard-hitting programs in each of the nine areas. They have found their staff resources inadequate to meet the needs shown in the nine areas of emphasis.

The year 1956 saw the crystallizing on a wide scale of improved methods of involving rural people in long-range program development.

Salary increases for county extension workers

In 1959 we estimated that we would use most of any appropriation increase for salary increases. We used 92 percent of the increase of \$3 million in this manner.

We have been able to increase salaries to a fair degree—at least to the point that the heavy movement of agents to other positions outside extension has slowed down considerably. Of course, this is a continuous problem—and the high educational and competency requirements of the agent of today and in the future mean only one thing: salaries must be competitive.

The following table shows changes in the level of salaries from September 1953 to September 1959.

Agent salaries, average

	1953	1959
County agents.....	\$5,452	\$7,299
Home agents.....	4,357	5,942

Staff expansion is best shown in the following table comparing the 1953 professional staff with the number of professional employees in 1959.

Number of professional employees

	1953	1959
County.....	9,642	11,266
State.....	2,808	3,438
Federal.....	75	95

Rural development

In 1956 we were glad to join with other Federal and State agencies in carrying out the rural development program. Some 200 counties have now been included in rural development areas in 30 States and Puerto Rico. (See further statement on rural development.)

III. TRADITIONAL PROGRAM APPROACHES ARE STILL THE PRIMARY ONES

Approximately 36 percent of the time of county extension agents is allocated to 4-H work.

The advantages of 4-H training are now being received by 2¼ million boys and girls. Of this number, more than 1,867,000 are rural boys and girls.

The 4-H program has changed and will continue to change, we feel sure. For instance, a new program that has gained momentum in recent months is career exploration. Career exploration tours, conferences, meetings, and special interest groups are important in extension's youth program. An automobile care and safety project is one of the new projects in 4-H. A copy of the project booklet is presented to you. This project will be significant in career exploration, in learning basic mechanics, and in safety.

(The booklet referred to above has been submitted and may be found in the files of the subcommittee.)

One of the fastest growing subject areas in home economics extension is that of family economics. More families are asking for information from home demonstration agents on financial planning and buying. This means that effective use of the money available for family living, and when and how to use credit, are of increasing concern. Basic educational programs in nutrition, health, housing, clothing, and home furnishing continue as fundamental extension efforts.

Extension has kept in close touch with the changing rural scene through thousands of citizen committees, and has thus anticipated the need to make adjustments in the program. A survey was made to determine the changes that had been made during the past 5 years and the anticipated changes during the next 5 years. Forty-seven of the States participated. In the process of the study most of the States involved their State staffs and the results were most informative. The results of the study show that State extension services at the county level in 1953 were spending 30.3 percent of their time in agricultural production; in 1958 this had dropped to 28.8 percent, and it is anticipated that by 1963 it will drop further to 24.9 percent.

In contrast to this, in 1953 we were spending 2.1 percent of our time in marketing, which had shown some increase by 1958, and it is anticipated will consume 6.8 percent of our manpower time by 1963.

Proportion of time given to management on the farm and in the home also is changing. This we regard as very significant. In 1953 we were spending 4.8 percent of our time on the management problem, and by 1958 it had increased to 6.3 percent. Extension directors estimate that by 1963 their county staffs will be spending at least 9.8 percent of their time on management.

Community development and public affairs are also demanding more time. We were spending 5 percent of our time in this area of work in 1953, 5.7 percent in 1958, and we expect to be spending 7.8 percent in 1963.

The same survey shows that we are spending a little less time on program planning, training, and family living, and that we are spending about the same amount of time on conservation as in the earlier year.

To interpret this in percent changes, we anticipate spending 13 percent less time in agricultural production from 1958 to 1963, but 193 percent more time in marketing. We will also be spending 53 percent more time in management on the farm and in the home, and 36 percent more time in community development and public affairs.

IV. EXTENSION'S AUDIENCE GROWS RAPIDLY AND IS CHANGING

The total number of families served in 1959 was almost 60 percent greater than in 1954 (13 million compared with 9). The workload per agent over the same period has increased 24 percent (from 724 families per agent to 900). We have improved the efficiency of our educational methods to make this increased workload possible.

In addition to growing rapidly, the extension audience is changing.

In 1958 we were working with 2 percent more farm families than we were in 1953 in spite of a 6 percent decline in farm population over the same period.

There is great variation among States in the composition of audience served, e.g., contrasts the New England States with those in the Southwest. This difference is natural, and the trend of more urban requests should be expected. The land-grant college or university, supported by taxation of all the people, holds a responsibility to make its programs available within its field to all who may be interested. Some of these applications within the urban scene may not return appreciable economic influences to the State, but are helpful to and appreciated by the individuals concerned.

V. EXTENSION HAS TRIED NEW APPROACHES

Some 200 counties now have been included in rural development program areas in 30 States and Puerto Rico.

One of the most valuable effects of the program so far, in addition to "helping people to help themselves," is the strength that comes from combined efforts of farmers, business and civic leaders, and representatives of agencies and organizations, working together as a team. With the aid of research, education, and community action, rural development has found a solid foundation on which to build much needed community progress. These programs usually start with a reevaluation of the resources in the county, and in this the Extension Service fills an indispensable leadership role.

Extension has teamed up with other Federal and State agencies to bring the contribution of governmental agencies in tune with, and in fuller support of, the needs of the local people. Extension's role is largely one of providing overall technical assistance, organizational know-how, and guidance in analysis and planning. Primary determination and main direction of the program rests with the local people.

Accomplishments in Butler County, Ky., illustrate what can be done through the rural development program. And the key to Butler County's success lies in the strong, active rural development committee of 59 members bringing together the combined town and country leadership of the area. In addition, 23 agencies and organizations—including National, State, local, and private—are supporting the efforts of the local leaders.

What have they done? If you list all of the major accomplishments, you come up with at least 35. Here are a few. A \$46,000 health center was built. The community obtained a fire engine—cutting insurance rates in half. A new 16-acre recreation center is underway. An artificial breeding association has been organized. Dairy cattle in the county have been tested for Bang's disease. One grade A and 2 grade C dairy routes have been started. Five industrial sites have been located. About 40 new houses have been built in Morgantown during the past 2 years, more than the total number built there in the previous two decades. Thousands of acres of pasture have been improved.

This gives an idea of some of the accomplishments in this Kentucky county where town and city leaders, working with many agencies, are helping a community develop a more prosperous and attractive place to live.

Also, let's not overlook what the rural development program has done in many instances to bring new jobs into the community—jobs that permit part-time farmers to continue to live on their lands but enjoy a higher standard of living.

For example, the rural development program in Tippah County, Miss., is helping bring 750 new jobs into that rural county. The people voted a bond issue of \$130,000 to provide funds to double the size of the Blue Bell manu-

facturing plant. This firm now employs 300 people compared to 140 before the expansion. The Blue Mountain Wood Products has grown from an 8-man operation to 35. Howell-Southern Products, Inc. was started and employs 20 men.

Other factories are under construction. The Waldon plant now employs 200 workers. A bond issue was voted and the plant is being expanded. When in operation, this plant will employ 400 workers. The Biltrite Rubber Co. is also building a new plant in this community that will add another 350 jobs soon.

So you can see that the rural development program goes much further than just improving the efficiency of the agriculture in the area. It increases job opportunities by encouraging new industry to locate in these rural areas. And it involves the total citizenry in analysis, planning, and working together to provide a better community.

VI. THERE ARE MANY UNFILLED OPPORTUNITIES

We are acutely aware of the very great adjustments that must be faced by families living on the land. We believe the Cooperative Extension Service has a unique role to play.

We believe the Cooperative Extension Service, in activities similar to rural development, should give educational and skilled service to assist families in making severely needed major adjustments, and to develop the total economic and social resource base in lagging communities.

The Cooperative Extension Service is willing to accept responsibility in out-of-school situations for broader educational programs related to agriculture, home economics, and rural living. State directors have experienced a strongly expressed need in the communities for a wider range of services from our State colleges and universities. The answer to many rural problems lies in off-farm pursuits where the broader resources of the university should be very helpful. The Cooperative Extension Service has expressed an availability to its administrative superiors.

The Cooperative Extension Service may be the natural leader in many out-of-school educational programs conducted in the counties by Federal and State agencies, if the extension workers can continually earn this role, and if they maintain the support of the cooperating organizations as now seems most likely.

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Mr. NESUIS. The House Standing Committee on Agriculture in 1953 demonstrated its interest in extension at that time by carrying out a leadership in the revision of the Smith-Lever Act.

The extension program of the land grant colleges, the agricultural extension program has, perhaps, the most effective adult educational program in the history of educational effort and is unique among the educational programs of the world.

We felt that after 7 years that it would be to your interest that we give a report of progress, a stewardship report of what has taken place within the extension program within the States since you worked with us in the revision 7 years ago.

So our report today, following your request to be with you, will be, in essence, a progress report of what has transpired.

We believe that the Extension Service is well aware of the current needs of the farmers, the rural people, and we are making very sin-

cere efforts to adjust our programs of work so that we are meeting their needs today. Much thought and effort has gone into this effort. So our accomplishment, which we are going to summarize in six points today are these:

First, that the States have demonstrated their positive interest in the cooperative extension service by increasing their appropriations, by doing so have demonstrated an interest in extension by appropriating a continuous increase, as a matter of fact the increases from these States have exceeded the increases from Congress.

A second point is that the States have followed rather closely the informal agreement that the committees that met with Congress more or less promised would take place. For example, we had agreed that we would have more county work. We also said that we would carry out an intensive program, of farm assistance, commonly known as farm home development.

We said that we would do some marketing work. We said that we would do more county program development work, and that we would have salary increases. These, we will try to demonstrate, we have carried out.

A third point is that the main part of our extension program is yet today centered about our 4-H clubs, homemakers educational projects, and agriculture commodities, and, also, we have brought about a considerable change in the handling of these three main activities of extension.

A fourth point is that the extension audience is continuing to grow. In 1954 our audience was composed of about 9 million people. In 1959 the best estimate that we could get was that it was 13 million people.

Mr. ABERNETHY. What do you mean by "audience"?

Mr. NESUIS. It is the people or the families whom we serve.

Mr. ABERNETHY. Thank you.

Mr. NESUIS. Some people call it the clientele.

A fifth point is that we have tried some new and broader approaches to meet the changing world, for example, in rural development.

The sixth point is that we have found some undeveloped areas of opportunity that are not filled and are demanding recognition within our extension program. For example, there are increasing demands by our urban friends for information in agriculture and home economics. There is an increasing demand for rural communities to have help in the transition from where they are to where they think they should be. There is increasing demand for more public affairs and educational programs.

Now I would like to elaborate, that is, we would, on these six points and I would like to turn it now over to Mr. Ballard who will take up the first two points, the one having to do with the increased appropriations and the other one having to do with the carrying out of the intent of what our informal agreements have been with Congress.

Mr. Ballard.

Mr. ABERNETHY. Very well, you may proceed.

Mr. BALLARD. Thank you.

Mr. ABERNETHY. Will you identify yourself for the record?

Mr. BALLARD. I am associate director of extension service of Oregon State College. Dr. Nesuis mentioned since the Committee on Agri-

culture provided the Smith-Lever law 7 years ago, there has been considerable growth, considerable expansion, partly due to favorable consideration by the subcommittee on appropriations during this time. And to a great degree because of the interest in the States.

This is a very unique educational enterprise, as you all know, being financed by three levels of government.

All of the States now are practically uniform in their requirement in that respect, that field extension work be done. The local county government makes an appropriation, bringing to that county such phases of the program as we agree upon with the county governments.

Then we have supplemental funds from the States, both through the land-grant colleges and the universities. And then we have the funds through the Department of Agriculture.

And while the congressional appropriations during this 7-year period we are discussing increased \$21.5 million, it is a great satisfaction to all of us that our home folks more than matched these increases in the Department budget.

The counties and State governments, during this period, increased their budgets by \$34 million as contrasted to the \$21,500,000 from Federal sources.

Mr. ABERNETHY. Were these increases for expansion or were they more or less because of the increased cost of living?

Mr. BALLARD. Of course, a great deal of them were absorbed by the increased cost of living but nevertheless, as I will bring out here, there has been considerable expansion also.

There has been a strengthening of the work that we are already engaged in, some expansion of that work to an increased number of boys and girls in 4-H Clubs, and an increased number of home agents to work with women.

Mr. ABERNETHY. There have been increases, too, in other parts of the program?

Mr. BALLARD. Yes. We told the Appropriations Committee the first time we met with them after this amendment to the Smith-Lever law was enacted that we would use any increase in funds as an increase to the county extension agents. You see, our extension staff was made up of a certain group in administration. Then we have a staff specialist who goes out, a specialist in dairy production, for instance, and husbandry, who works with these county agents in the counties.

There seems to be a demand from the farmer groups who are supporting this increase in funds that there be more of these on the ground extension work, the county extension people.

We agreed that first year that we would try to place 80 percent of any increase which we received in county work. And 87 percent of the funds were put into the county work.

We increased the number of county agricultural agents by close to 1,000; the number of 4-H and home agents by something like 600; the number of central staff people by something like 600.

There was an increase of 20 or 25 in the Washington office of the Extension Service.

Mr. DIXON. By "on the ground workers" in the rural communities, you mean those experts who study the different farms and go into the question of the overall losses, what causes them, and analyze the management? Is that what you mean?

Mr. BALLARD. They do some of that. And that phase of the work is increasing heavily as I am going to bring out.

Mr. DIXON. That includes marketing as well?

Mr. BALLARD. We term that "management." Whereas 20 to 25 years ago they maintained offices in the courthouses and in the county seats and the families came up to ask about crop varieties and fertilizer for their farms and that sort of thing, these people coming in now ask about management. They ask management questions, all the way from Maine to California. We are experiencing a common change in our agricultural situation. The number of farms is growing smaller—the number of commercial farms. The family-sized farm is growing larger and larger in size. And fewer in number. And yet, in a good many States there is a countermovement, as in my State, of an increasing number of small farms in the vicinity of a city where we have these two forces at work. But the commercial farmer is interested now in this thing that we call management. We term it "farm and home development" in our extension phraseology.

The second time we appeared before the Appropriations Committee, after your amendment to the Smith-Lever law, we told that committee that we wanted to strengthen that phase of our work. We called it the farm and home development work. What that really means is working with this farmer often on an inventory basis, working with him to make such suggestions to cut down his labor costs and, perhaps, to increase his gross. And, we hope, the net return.

Mr. DIXON. Did you say that it was increased to 85 percent on management, in counseling them?

Mr. BALLARD. Out of the first year's appropriation, 87 percent of it—something like \$7 million.

Mr. DIXON. That goes into helping the farmer market his commodities?

Mr. BALLARD. Yes, sir. This thing we call management. There is something like 150,000 families that we have a record of now, who are people that we are helping in what we call management. As an example, in Indiana, I think it has 3,000 farms. And the income increase on 200—we took a survey of 200 of these farms that they are working with—they found that the income had increased by these management plans \$1,700 per farm on the average in the 200 farms, whereas the average increased return on Indiana farms that year was about \$113. That shows the effectiveness of this type of thing.

I am told that the remaining 2,800 farms in Indiana would show about the same thing if they were included in a careful study.

We told the Congress that we would give great stress to that phase of our work. And we are finding it very profitable. It is so profitable that in Missouri the farmers there, in good many instances, are forming little groups and paying \$50 apiece a year in order that they may hire another extension agent, entirely aside from these extension funds, entirely aside from ours, to do this type of work that we are talking about.

Mr. DIXON. Do the counties contribute to these management plans?

Mr. BALLARD. The counties contribute to the regular county extension agents, but in Missouri they want more help than the county and the State and the Federal funds will furnish them, and so they

are organizing, a great many of them in these organizations in which the farmer puts in \$50 a year in order to hire another man to supplement the work of the regular extension service. This phase of the work is profitable.

About the third time we were up here in this 7-year period we discussed marketing with the committee. We agreed to give greater stress to marketing.

All through the years of extension, since it was established in 1914, the preponderance of our efforts has been in the field of agricultural production, partly because it was quicker and easier. We had a great deal of research information not being used. We devoted ourselves, in the beginning, particularly to that stage of our work. Time went on and the farm people felt some confidence and more confidence in the county extension agents. Their requests upon them grew from the simple things of crop varieties, fertilizers, insecticides, and such things, to distribution into marketing and to many other things affecting rural life.

Mr. DIXON. May I ask you concerning the meeting in Seattle of the association and rural development. Are you familiar with that?

Mr. NESUIS. I am not familiar with it.

Mr. DIXON. There was a report of the association as to the small farmer and rural development.

Mr. NESUIS. This was, perhaps, at a meeting of the county agents. Their association meets annually.

Mr. DIXON. It was a convention of the county agents. They are part of your organization.

Mr. NESUIS. We dwell in our report here this morning considerably on rural development and try to explain it a little bit later.

Mr. ABERNETHY. Proceed, please.

Mr. BALLARD. So we have devoted more time to marketing and we would like to give a quantitative statement on marketing but it is impossible because so many of these county extension agents spend 5 or 10 or 15 percent of their time on the marketing of agricultural products. It is an important field.

In my State, for instance, we have 55,000 farms but we have 60,000 families engaged in the distribution of the products of those 55,000 farms, or in some phase of the distribution of the products.

We do know that through one section of our work we have added more than 200 men and women who give all of their time to marketing.

Mr. COAD. You say that you have done work on marketing. In your statement, on pages 6 and 7, you are talking about wholesalers and processors and the like, equipment manufacturers and contractors. Where do they come into this?

Mr. BALLARD. It depends on the State. Massachusetts, for instance, their marketing man works with the storage people on McIntosh apple storage. They found that by applying some research from the university and commercial research that they could prolong the good storage life of McIntosh apples by 4 months. That means a great deal, both to the processing industry and the growers. The people in Massachusetts think that one thing made them a million dollars a year on their apple crop.

Mr. COAD. Have you worked with the farmers in marketing?

Mr. BALLARD. Yes.

MR. COAD. I have noticed from reports that our grain which is exported is filled with all kinds of debris. What have you done along that line?

MR. BALLARD. A great deal. In my own State we have worked with the wheat people on the control of smut. Just last year we had no smut in the wheat crop. That is just an example.

MR. COAD. What are you doing about soybeans, where they cannot have over 0.7 of 1 percent of morning glory seeds in them, as well as other substances?

MR. BALLARD. I do not know. I am not familiar with soybeans.

MR. COAD. Is your department familiar with it?

MR. BALLARD. I assume so.

MR. COAD. Do you just assume that?

MR. NESUIS. We represent 50 different States. I mean that we are individual State representatives. Perhaps we cannot supply the answer to a technical question, or a particular technical question.

MR. COAD. Whom do you represent?

MR. NESUIS. My name is Ernest Nesuis and I am associate director of extension from Kentucky. And Mr. Ballard is associate director of extension from Oregon.

In each of the 50 States, there is an extension service or land grant college. Annually, we try to make a report. We represent the other 50 States in trying to report what is taking place. When we get to a technical question, such as you have asked, if you would like to have the answer to it, we will try to get the information for you, but we are not capable, individually, of answering the question.

MR. COAD. I understand that.

MR. ABERNETHY. You are here to make a general statement regarding the activity and progress of the work in the various years, with the financing that you have had to operate with; that is your purpose, is it not?

MR. NESUIS. Yes.

MR. COAD. I was speaking of a condition. I would like to have an answer along that line because this is a very real and valid problem in the soybean industry at the present time. Iowa is one of the larger producers of soybeans.

MR. NESUIS. The experiment station group will follow us and it is possible that one of them may have an answer to your question about the soybean industry.

MR. DIXON. Just to reinforce what Mr. Coad has said, in Holland, not long ago, one of the great importers made a contract with Russia because our wheat was dirty, did not in any way compare with the wheat that they were selling. Russia moved in.

The same is true in cotton in Japan and other countries. They say that we send the lousiest looking bales of cotton and the filthiest that comes into their markets. So I want to reinforce Mr. Coad there. I think that is an important element.

MR. NESUIS. May I ask you a question? Maybe this is contrary to the usual procedure, but do you know whether we have any standards of grade for export products—do we have a set of standards?

MR. ABERNETHY. I do not think that there is a statutory standard.

MR. NESUIS. Maybe I should make this comment, if you will let it be off the record.

Mr. ABERNETHY. Certainly, we will go off the record.

(Discussion off the record.)

Mr. ABERNETHY. We will go back on the record.

Mr. BALLARD. This marketing work goes on through various stages and trades and industry. In my own State we have professionalists who work with the food-processing people. The farmers think that is a fine idea. That is, this man working with the food-processing people. It means a better situation for them. So we have done this work. It has greatly increased in marketing. And it is still increasing. We have not reached the saturation point at all.

Then one year we told the committee about a method of determining what the staff should do out here in the country. And that was a case of basic rural extension programs for these people out at the grassroots, on the ground, in daily association with the people who are supporting them out there.

And the question as to the use of their time is a terrifically important one.

Some of us who are professors at colleges might tell them what to do. Some of their immediate supervisors might tell them what to do. But it is a pretty fair chance that we would not be able to choose the best use of their time. We learned that a long time ago. And so we established in this period a method of deciding upon a program that we would follow in the country, in 2,000 of the 3,000 counties in the country which are now using this method of procedure.

It is briefly this: The county extension people bring together these leaders, that is, some 15 or 20 of the leaders of each commodity interest, or each rural interest, each special interest in that county and instead of lecturing to them, they sit around the table and have an informal discussion of the status of their interests. And its relationship to some of the industries in the State, possibly its relation to our extension specialists, and others, and they meet with the groups, and together they decide and make an analysis of the situation and decide upon some of the things which might be of benefit to that county if they could be put into effect. And on a partnership basis, they agree as to what extension person should go into this particular field.

Much has been accomplished in the dozen or so special interest groups in the country. A program has evolved. Some 100 to 600 or so of the citizens participate in it and decide upon what educational program the county should have.

It is possible it will be a program in connection with some other State agency, some State department of agriculture; it is possible that the dairy people would say that "within 5 years, we should get rid of brucellosis in this county."

It is possible that the fruit people would say, "We have a storage program problem with our pears. Why do you not bring research folks from the experiment station into this picture and work on this pear storage program?"

That, for example, is of interest to my own State.

And so, finally, after all of these groups have met with our people, we have worked out a program, an educational program that the people of the county have agreed meet their needs.

Mr. ABERNETHY. May I interrupt just a minute? We have consumed a lot of time here on the forepart of this statement. I have allotted 1 hour to the experiment stations.

Mr. BALLARD. I am practically finished.

The last time we were before the Appropriations Committee there was interest in having these cooperating employees in a better competitive position, and we agreed that we would use such funds as were provided for that purpose. Three million dollars was provided for the States; 92 percent of the funds were used for accelerating the salaries and we brought the average salary of the county agricultural agent up \$1,600 to an average of \$7,400, and we brought the woman agent up to around \$6,000. That was in the last appropriation.

That, very briefly, Mr. Chairman, is the way we have used these increments that have come since you people have consolidated all of the appropriations in one act.

Mr. ABERNETHY. You are seeking at this time \$6 million additional?

Mr. BALLARD. I believe that is it.

Mr. ABERNETHY. Of course, you understand that the budget included only about 30 percent, or thereabout of the amount sought?

Mr. BALLARD. That is right.

Mr. ABERNETHY. Do you contemplate appearing before the Appropriations Committee on that question?

Mr. BALLARD. Yes.

Mr. ABERNETHY. Have you appeared yet?

Mr. BALLARD. Not to my knowledge.

Mr. QUIE. What would be the competitive salary?

Mr. BALLARD. It depends on each State—it differs somewhat. In my own State, I think that the county agricultural agent in a county of 2,000 farms should be paid \$10,000. That is the standard that we set.

Mr. ABERNETHY. What is the salary?

Mr. BALLARD. The average is \$9,100 or \$9,200.

Mr. ABERNETHY. You said that the average was about \$7,300 before.

Mr. BALLARD. That is in the United States; it is around \$7,300 at the present time.

Mr. ABERNETHY. Do you have anything further?

Mr. BALLARD. Not myself.

Mr. ABERNETHY. Dr. Nesuis?

Mr. NESUIS. I want to take up the third point in this. I think that you will be interested in the fact that 36 percent of our agents are still concerned with the 4-H programs. My point here is that we are still retaining the basic framework of the extension program, still building around the 4-H and the agricultural commodity work, et cetera.

We have at this moment about 2¼ million boys and girls in rural employment work, of which about 83 percent are rural boys and girls.

We are making some changes in our 4-H program, leaning in the direction of career exploration and things that would help them to find themselves as productive citizens.

You have before you a brief on the automotive care and safety project which is a new project which will be introduced into the 4-H program this year.

Within our home economics extension program, perhaps the fastest growing part of that is the interest of families in family economics, the economics of spending money and managing it rightly.

Along with this is carried out our basic educational program that we have had for years in nutrition and in health, in housing, clothing, home furnishings, and child care.

We keep in close touch with the rural citizens of our respective States through these many committees that Mr. Ballard mentioned. Just within the past year we have run a survey of all of these States to find out in what direction the extension services were going in the allocation of the time of their county extension agents. We took three periods for comparison, 1953, and we have reports to document this, 1958, and expected in 1963. The purpose of this is to more or less see the trend and to get an approximation of our expectations.

We found that in 1953, 30 percent of the county extension agent's time was spent in matters concerning agriculture production. By 1958 this had dropped by 1 percent to 29 percent and it is expected, by 1963, that this will drop to about 25 percent of the agent's time.

We found that in 1953, in the field of marketing, that the agent was spending about 2 percent of his time. Now they are spending about 3 percent, and we expect this to be about 7 percent by 1963.

In the field of farm and home management we found that in 1953 they were spending about 5 percent of their time and now they are spending about 6 percent and it is expected that they will be spending as much as 10 percent of their time by 1963.

In community improvement and public affairs, we have gained in interest. We were spending about 5 percent of our time in 1953 and 6 percent in 1958 and we expect to spend in the neighborhood of 8 percent in 1963.

We expect to show less time given over to the field of planning and training and family living.

Summarizing, this would mean that by 1963 our efforts in the field of production would drop approximately 13 percent and in the field of marketing, would increase approximately 193 percent, and in the field of management would increase 53 percent; and in the field of community improvement and public affairs, there would be an increase of about 36 percent.

This briefly summarizes the trends and the way that we are allocating our time.

Mr. Ballard, would you take up the next point?

Mr. BALLARD. This audience, or clientele, has been changing during this 7-year period. We are pressured from the urban centers for assistance in our home programs because there is no difference now really between, in many of our States, country homes and town homes. The townspeople are asking for more assistance in such things as horticulture and so forth. We still are spending more than 80 percent of our time with the farm people and the rural people and people in towns of less than 2,500 population. But we are being pressured greatly by what we call the fringe areas.

Mr. ABERNETHY. That surprises me a little bit—with the farm families decreasing, that the total number of families you are serving is increasing. I understand your explanation of it is because the service that you are rendering is also to urban people.

Mr. BALLARD. Partly. We have made a 2-percent increase in our contacts with the actual farm people, although the numbers are de-

creasing, which means that more and more of them are coming, mainly on account of this management thing.

Mr. ABERNETHY. Why would you be rendering services to the urban families?

Mr. BALLARD. If you are on the radio and if you are on the television, you are reaching the urban people. That is where we are increasing.

Mr. ABERNETHY. But you do not go on the radio and on the television for the purpose of reaching them. You go on for the purpose of reaching the rural areas and farm families, do you not?

Mr. BALLARD. That is right. That is the main purpose.

Mr. ABERNETHY. Is that the only avenue or area whereby you are reaching the urban people? Is it by way of coincidence that you are reaching them? Is it the result of your attempt to reach the rural people?

Mr. BALLARD. I would say "Yes."

There are some of these fringe area groups that we do work with—the boys and the girls, and particularly the women in their household problems. For instance, in my State, three cities are putting on a county extension agent, aside from what we are talking about, in order to work with the fringe areas. These cities all extend out into the country, where a man has 5 or 10 acres out there. He does not add anything to the wealth of the State agricultural enterprises.

Mr. ABERNETHY. Is it your feeling that the extension service which was established for the benefit of farmers is getting away from its intended objective?

Mr. BALLARD. Slightly so, yes, sir; slightly so. But we face a problem. Here are three cities in my State that want to put on a man. We administer that man aside entirely from these budgets that we are talking about here—entirely aside from that.

Mr. ABERNETHY. Perhaps you had better move on to the next subject. Time is fleeting.

Mr. NESUIS. Let me talk a little bit about some of the new approaches we have tried in extension.

I will take but a few minutes more for that.

Rural development has been one of the real interesting areas which extension has had the opportunity to participate in.

In 200 counties throughout the United States there are rural development programs carried out as a pilot program. Rural development is, essentially, a means by which local lay leadership can combine its energies along with the leaders and the various agricultural and nonagricultural agencies and through them they can combine to try to do something for the general good of their counties.

To illustrate my point here: Let me mention Butler County, Ky., as one of the pilot counties. In 3½ years they have, on their own, arranged for a \$46,000 health center. They have gotten a new fire engine for their town. They have a 16-acre recreational center established. They have an artificial breeding association. They are now brucellosis free as a county, one of the first ones in the State to be in that condition.

They have three new milk routes established.

They have five new industrial sites established. They have 40 new homes, in the last 2 years, which is more than were built in the past 20 years.

And they have thousands of acres of pasturate improvement.

They have counted up 35 accomplishments in 5 years.

I have only given you six or seven.

Mr. DIXON. You say that it is a pilot county?

Mr. NESUIS. Yes.

Mr. DIXON. Is it one of the 70-odd that we have under the rural development program?

Mr. NESUIS. Yes, sir.

Mr. DIXON. That is financed outside of your budget?

Mr. NESUIS. It is financed with a special appropriation through the U.S. Department of Agriculture.

Mr. DIXON. You have others that are probably already initiated, maybe 130 counties on your own, that are financed through your own payments?

Mr. NESUIS. We have payments for three counties. We have a total of 24 counties involved.

Tippah County, Miss., is another example, wherein, within this county, 750 new jobs have been created as a result of the rural development program.

The people in that county voted \$138,000 bond issue to double the size of the present manufacturing firm, and 300 more people are to be employed because of this.

There is, also, an increase in the Blue Mountain Wood Products Co. from 8 people to 35 people, and in the Southern Products, Inc., with a beginning of 20 people, they have increased. The Weldon plant had an increase of 200 people and the Built-Rite Rubber intends to bring in 350 more people.

This concludes my part of the discussion.

Mr. ABERNETHY. Do you have anything further?

Mr. BALLARD. I should like to say in conclusion we appreciate this opportunity to be here, and to make this report on the progress we have made in the past 7 years.

The requirements or the promises or the requests upon us, of the States with whom we work, are constantly broadening, as I indicated. Thirty years ago, or twenty years ago, our requests were relatively simple. They have gained the confidence of the people and they are asking for more and more things. We are practically now representing all resources, the colleges and the universities, in the community. We cannot avoid it. If anybody wants to know about marketing distribution, he wants us to analyze the State laws affecting rural life; he wants us to explain the Federal agricultural program and all of that sort of thing. They want us to hold leadership workshops for their secretaries and the masters of the Grange and the Farm Bureau. It is a continually broadening field.

We are glad to indicate to you that we are doing our best with the resources we have. We appreciate the cooperation that we have received from the Congress during the past few years. We think that the program is in fairly good shape and will continue to grow.

Mr. ABERNETHY. Dr. Nesuis and Mr. Ballard, for myself, I want to say that I appreciate very much your being here. I certainly feel that our Extension people are rendering a fine service.

I think it is a wise thing that we get together on an occasion like this one once a year. Probably it ought to be done more often. Of

all of the legislation that comes out of this committee and later in trying to determine what the value is of this or that bill, we seldom have a day like this. I think it is a fine thing that we gather, occasionally—at least once a year—to review that which has gone on in Extension and in the various other agricultural services.

I think this is a fine idea. I am happy that we have had the privilege of hearing the review of your work. I wish to compliment you and our other Extension people. We will now hear from Dr. Farrell and his associates.

STATEMENT OF M. A. FARRELL, DIRECTOR, PENNSYLVANIA AGRICULTURAL EXPERIMENT STATION, CHAIRMAN OF THE LEGISLATIVE SUBCOMMITTEE OF THE EXPERIMENT STATIONS SECTION OF THE ASSOCIATION OF LAND GRANT COLLEGES AND STATE UNIVERSITIES; ACCOMPANIED BY M. T. BUCHANAN, L. E. HAWKINS, D. W. THORNE, DIRECTOR, UTAH AGRICULTURAL EXPERIMENT STATION; L. M. TURK, DIRECTOR, MICHIGAN STATE AGRICULTURAL EXPERIMENT STATION; N. J. VOLK, DIRECTOR, PURDUE UNIVERSITY AGRICULTURAL EXPERIMENT STATION; AND CLAY LYLE, DIRECTOR, FROM MISSISSIPPI

Mr. FARRELL. Chairman Abernethy and members of the committee, my name is M. A. Farrell. I am director of the Pennsylvania Agricultural Experiment Station and chairman of the Legislative Subcommittee of the Experiment Stations Section of the Association of Land Grant Colleges and State Universities.

With me, and I would appreciate it if the gentlemen would stand as I introduce them, are members of the same committee: M. T. Buchanan who is director of the Washington Agricultural Experiment Station, L. E. Hawkins, director of the Oklahoma Agricultural Experiment Station. I am sorry to say that Mr. J. G. Horsfall, director of the Connecticut Agricultural Experiment Station, whom we expected to be here, is not present. We have with us D. W. Thorne, director of the Utah Agricultural Experiment Station, L. M. Turk, director of the Michigan State Agricultural Experiment Station, and M. J. Volk, director of the Purdue University Agricultural Experiment Station.

We are, also, very pleased to have with us Mr. Russell I. Thackrey who is, as you all know, the executive secretary of the American Association of Land Grant Colleges and State Universities, and Mr. J. Richter who works with Mr. Thackrey.

And I believe he is devoting a major portion of his time at the present to getting ready for the centennial celebration of the Moore centennial celebration of the Moore Land Grant Act of 1862.

Mr. ABERNETHY. You, also, have the fine director of my own State here.

Mr. FARRELL. Excuse me; that is correct. The director from Mississippi, Dr. Clay Lyle of the State of Mississippi.

I have a prepared statement.

Mr. ABERNETHY. I think that it might be well for you to read it.

Mr. FARRELL. I might say that everything is in this statement including what is here in the charts that I have prepared.

Mr. ABERNETHY. Read such as you feel you would like. It will all go in the record, your complete statement.

Mr. FARRELL. For the purpose of this meeting, Mr. Chairman, it might be well to say that it resulted pretty much from a letter that you wrote to Mr. Thackrey last November 6, 1959, in which you indicated that since you understood requests would be made in the presentation for increases in the Federal grant of funds, that you would like to know how the increases in Federal grants that were made during the last 5 years have been used. This statement is the answer to the question raised in your letter.

We are happy to acknowledge that this committee was responsible for the consolidated Hatch Act of 1955 with its open end authorization which has made possible the increases appropriated in recent years.

The committee is, I am sure, fully aware of the fact that much of the expansion and strengthening of research at the State agricultural experiment stations during the past 10 years was made possible by enactment of the Research and Marketing Act of 1946.

It is significant to note, however, that the specific increase of \$20 million in annual Federal grant payments to State experiment stations authorized to be obtained by fiscal year 1951, was, in fact, not achieved until fiscal year 1957.

Increases of payment since fiscal year 1957 under the open end authorization total only about \$2 million annually, an amount far short of the increases in the cost of conducting research under the grant fund program over that period.

We wish to acknowledge also the great benefits in terms of simplified operation which has resulted from the act of 1955 consolidating the Hatch Act and all laws supplementary thereto into a single authorization which was brought about by this committee.

With regard to the increases in Federal grant funds received during the 5-year period, they are shown in table 1, and you will note that they come to a total of \$12.1 million. The total requested was \$32.5 million and the accumulated difference between the increase requested and the increase appropriated over this period is more than \$52 million.

Now the question always arises, what about the State appropriations, and table 2 shows these.

Table 2 shows that over this same 5-year period the States granted increases in the amount of \$35.7 million. This points up the difference of \$23.6 million in favor of the State appropriations.

Mr. McINTIRE. The figure that you are representing in table 2 as to the State appropriations, is this an encompassing figure which includes appropriations at the State level, appropriations at the county level, and, also, such funds as may have been made available from industry, you might say, within the State, to the agricultural experiment stations?

Mr. FARRELL. Mr. McIntire, this is just the State appropriations. We received no county appropriations as Extension does. So we have no income from the county.

Mr. McINTIRE. But you are receiving—

Mr. FARRELL. Considerable sums from industry.

Mr. McINTIRE. Does this include that?

Mr. FARRELL. This is not included.

Mr. MCINTIRE. Thank you.

Mr. FARRELL. This industry figure very frequently will average, probably, in most of the experiment stations, roughly 10 percent of their total funds; that is, Federal grant plus Federal appropriations sought is a significant figure in the experiment station operation.

The chart No. 1 points up the appropriations here over the last 5 years. The red figures are the Federal grant of funds, and you can see that they have gone from 5.3 million in 1956 to 4.7 million in 1957, to less than 1 million in 1958, to 1.2 million in 1959, and zero in 1960.

We think that is probably one of the best expenditures made in using the research dollars Federal-wise, which is agricultural experiment station.

I say that because in that they are matched by, at least, \$3 of State money for each \$1 of Federal money. And that is pointed out on page 4.

If you will look over to the right-hand column, we talk about the ratio of States to Federal dollars and you will see that for 1960 the States furnished \$3.40 for each \$1 of Federal money.

We think this is a good investment of the Federal research dollar, and it does not happen in many other instances where Federal dollars are provided for research.

On page 5, on how increases were spent, we have listed in table 4 the 12 categories that have been adopted over the years for keeping track of our expenditures of Federal grant money.

You will see that it starts out with "Agricultural economics and rural life studies" and the amount spent in this one category over the 4 years was \$814,000 and the percent over the 4 years ranged from 5.8 to 7.1 percent. And that is shown down through for "Marketing," the expenditure being approximately \$13¼ million and the percentage of 13.1 to 19.7 percent.

I should anticipate your question there. At the bottom of the page we say:

The actual annual percentages of that portion of the Federal grant subject to the 20 percent for marketing requirements which were spent for marketing for this 4-year period were as follows: In fiscal year 1956, 22.6; in 1957, 23.1; in 1958, 23.1; and in 1959, 23.2.

In other words, while we did not use the full 20 percent for the 5 years in question, our percentage was in the neighborhood of 27 or 28 percent, with the remainder of the fund and so forth, the total Hatch funds, that we did have a suitable percentage.

Mr. ABERNETHY. Do you recall that we had a little problem in the committee about earmarking those funds?

Mr. FARRELL. Yes; I have heard that.

Mr. ABERNETHY. You were not here at the time?

Mr. FARRELL. No, sir.

Mr. ABERNETHY. There was some objection to such from some of your people.

I want to ask this question: Do you think that we were wise in the earmarking, or do you still have some doubt about it?

Mr. FARRELL. I think my opinion would be a personal one, sir, and I am inclined to say that I would have some doubt about it.

Mr. ABERNETHY. Yes. I had hoped you would say otherwise. We will go off the record.

(Discussion off the record.)

Mr. ABERNETHY. Back on the record.

You specifically pointed out that you used more than the amount that the law required for marketing.

Mr. FARRELL. Yes.

Mr. ABERNETHY. Did you try to please us in that respect? [Laughter.]

Mr. FARRELL. We will be delighted to please you.

Mr. ABERNETHY. Thank you. You may proceed.

Mr. FARRELL. All right, sir.

I think without spending a lot of time on this table you can see that the amounts have been equitably distributed, as we think, for our needs out in the States, with the more expensive areas such as marketing and animal science and field crops receiving these larger allocations.

On page 6 we would like to talk about regional research. This was an item that has grown with the passage of the Research and Marketing Act of 1946. It provided that 25 percent of the funds might be used for regional research, you will recall.

In such regional research, two or more States tackle an important problem of the region cooperatively. This regional research is supported in part with these regional funds and also with State and Federal grant funds as well as with station funds.

And table 5 shows a summary for cooperative regional research projects for the last 12 years.

If I may direct your attention to the bottom of that table, specifically to the percentage column, you will note that regional research funds provided less than one-third of the total cost of the regional research projects. Another, slightly less than one-third, came from other Federal grant funds that were available to the experiment stations. And non-Federal funds provided a good one-third of the cost of regional research. So we spent here \$101,309,898.04 which came out of regional research funds that were earmarked for the purpose.

This means that this is a sizable part of our program, as you can see.

We are using another one-quarter of the 72 percent of the balance that goes to the experiment stations under any appropriations, and then we are spending an equal, or larger, sum of State moneys.

Page 7 will just give you an idea of one of the several hundred regional projects, in table No. 6, and it is identified as "S-10 Improvement of Beef Cattle for the Southern Region Through Breeding Methods."

Mr. DIXON. What is the source of these funds?

Mr. FARRELL. The Hatch Act specifies that 25 percent will be used for regional research, in the same sense that they specify that 20 percent will be used for marketing.

Mr. DIXON. Of all of the funds?

Mr. FARRELL. That is right, sir.

Mr. DIXON. That is Federal money, though; is it not?

Mr. FARRELL. That is Federal money. But as I just indicated, it is matched by State money and by other nonmarked regional funds.

This chart entitled "S-10 Improvement of Beef Cattle for the Southern Region Through Breeding Methods," includes 12 Southern States and it also includes two from the Northeast, Maryland and West Virginia. We do not stick to these regional lines. Where the project in one region is of interest to the States bordering that region, they will enter it and work together as a team. Just for example, you can see in the case of Alabama that they have \$12,240 of regional money, and they obtained Hatch funds of \$15,232.25. And in the case of Arkansas, they received \$11,000 regional money and they spent an additional \$7,475.06, approximately, of Hatch funds and then spent \$64,712.51 of non-Federal funds.

Mr. ABERNETHY. Where does that money come from, the \$64,000—where did that come from?

Mr. FARRELL. This is, undoubtedly, State appropriations, sir.

Mr. ABERNETHY. I see. Thank you.

Mr. DIXON. One more observation for the record: I think that it is a very good thing for these experiment stations to pool their interests in the regions in any given research work, each to help the other. It is another argument to place more of the emphasis for research out in the land-grant colleges, where they are cooperating. I think that is the best thing.

The second thing is that these tables show that if a special agency furnishes funds as proposed in the Senate research bill, that agency would not have the benefits of these State funds.

Mr. FARRELL. I certainly would think that this would be so.

Mr. DIXON. So if the Senate adopted the House utilization bill, the program would have the benefit of all of these non-Federal funds.

Mr. ABERNETHY. That is is one of the controversies. [Laughter.]

Mr. McINTIRE. Could I ask a question about the same point I made before, in the specific instance of Arkansas, the \$64,712.51, this undoubtedly was State funds, you said?

Mr. FARRELL. Yes.

Mr. McINTIRE. Might not this also include some contribution on the part of nongovernmental interests who put some money into this specific purpose?

Mr. FARRELL. Yes; this could be so, Mr. McIntire, but only to a small degree, and it would be determined essentially by the individual station.

Mr. McINTIRE. Thank you.

Mr. FARRELL. I think, undoubtedly, in some of these instances there may be grants of \$2,500 or \$5,000 that would come in from industry or some interested group in breeding or in genetics that might support a technical worker or graduate at the Arkansas or Texas station. The drawing up of the regional project and its being supported with what we call contributing projects from each of the participating stations is dependent, pretty much, on their own State money.

Mr. ABERNETHY. Are the regional research funds distributed and allocated under a specific formula?

Mr. FARRELL. Yes, sir.

Mr. ABERNETHY. Why do they vary so much, as in one State where there is very little? Is there no local demand?

Mr. FARRELL. Pretty much. When I say they are allocated under a specific formula, this is to the regions, no further than the regions. In other words, we have 25 percent of any appropriation that is ear-

marked for regional research and then we have a formula as to how much the South, the Northeast, the Far West, and the North Central States obtain.

Mr. ABERNETHY. Let us note the \$12,240 for the first one. In another I note that the regional research fund is zero dollars.

Mr. FARRELL. They were not interested, sir, in participating.

Mr. ABERNETHY. That explains it.

Mr. FARRELL. That is right, sir. As you can see from the totals there, this project was expending \$451,956.59.

Going over to page 8, I thought that you would be interested in how we used the funds for the last 5 years in regional research and we have broken it down into the same type of category that we did back in one of the earlier tables.

Under these 12 categories, we show the distribution in regional projects.

In "Marketing," as you will notice, it is 22.9 to 23.7 percent.

The zero under "Utilization" will stand out prominently in your thinking and, anticipating a question here, let me say that we do not think of regional research—that is, utilization research—as lending itself to regional attack.

Mr. ABERNETHY. Why?

Mr. FARRELL. Well, you need for utilization research, if you are going the whole way, large installations in the way of pilot plants and very expensive machinery that very few individual stations can afford.

Second, you need to have a concerted attack in utilization. You need to bring your specialties, your various disciplines, together in thinking through and working out answers and this is not available to a station with the funds we have.

Third, I think that I should mention when the Bankhead-Jones laboratories were established back in the mid-1930's, the four big laboratories, you will remember, Congress authorized their construction, and I think that \$2,500,000 or \$3 million went into each laboratory. They employed 200 or 300 people, with a payroll of, probably, \$3 million or \$4 million a year. This is the type of approach that, probably, will prove most productive for utilization research.

And our 53 experiment stations cannot afford this.

Each of us only gets one-half of \$1 million of Federal funds to start with. So you see this is a big job and probably needs to be done in a concentrated attack where you can have the machinery that would occupy a room five times this size with retorts and big fermenters, whereby you can carry out the actual determination of whether this is a feasible thing to do on a large scale and get some economical answers.

The experiment station can contribute to utilization research in answering some of the smaller, basic issues. And this is where we do our utilization research, but we have not tried it on a cooperative effort between 12 different States because it is pretty difficult.

Mr. DIXON. If the facilities were built, would it make it possible for you to do more utilization research?

Mr. FARRELL. It would, certainly, have possibilities; and I would hope that if the Commission would be established and would be thinking along this line, they would select one or two experiment stations and give them adequate funds to do the job.

This is the only way, I think, that it offers a practical solution. It will take money, as I say.

These four utilization laboratories that were constructed back in the mid-1930's were constructed for \$3 million and I suppose that they would cost \$10 million now, to get the same building and to get an adequate staff which will take another \$3 million a year. So I think if a concentrated effort is brought to bear on utilization research, we can get some answers eventually, and the experiment stations, I know, certain of them, will certainly welcome having such installations on their campuses.

Mr. DIXON. This information that you are giving us would indicate, would it not, that if our utilization research bill is approved by Congress, and by the administration, it would be advisable to have research people represented on that Commission on agricultural research.

Mr. FARRELL. I would, certainly, hope that there would be some scientists who would be members of the Commission. This would strengthen it immeasurably, to my way of thinking.

Mr. DIXON. That may be beside the point, but I wanted to get it on the record.

Mr. ABERNETHY. Very well; proceed.

Mr. FARRELL. Chart No. 2, which, perhaps, you can see here, shows the total regional research picture from its inception up to fiscal year 1959.

We have had a total of 306 regional research projects over that period and you can see that there are 60 active in the western region of the country at this time, and they have completed, or revised, 34.

In the North Central States, there are 51 active with 27 that have been completed or revised.

In the South, 44 are now active with 24 that were completed or revised.

And in the Northeast, the figures are 39 and 27, respectively.

Many problems are regional or even national in scope and must be studied under a variety of conditions. The regional research program, we believe, provides an organized attack on vital problems of general concern without any essential duplication of effort.

Now chart 3 shows the picture with regard to individual projects at the 53 agricultural experiment stations. You can see how the total has increased over a period of years here.

In the first 3 years, for example, in 1956 when Congress appropriated \$5.3 million to the experiment stations, and in 1957 when they appropriated another \$4.7 million, we were able to expand our program considerably. But in 1958 and in 1959 and, certainly, for 1960, we are barely holding our own.

This shows that we had in 1957 5,927 research projects. That year we initiated 1,150, closed out 489. We had about 50 less in 1958. We initiated 750 and closed out 806. And in 1959 we have a few more. We closed out 764, or, rather, we initiated 764, and closed out 725.

So we are just about marking time here.

Going to page 9, this matter of rising costs has plagued us in research, as you know, as it does everywhere else in our economy. The last 5 years have been a period of rising costs, including higher

personnel costs, as well as higher operating costs. The foundation stones of research are well-trained personnel who provide the ideas, the ingenuity, the perseverance, and all-around know-how in understanding the solution of our agricultural problems.

The support of this group and supporting personnel require approximately 80 percent of Federal grant funds as salaries and wages. It is estimated that experiment station salaries increased 20 percent on the average for the 3-year period, July 1, 1957, and July 30, 1960.

Over the same period of time the Federal grants to experiment stations increased only 6.9 percent. Your attention is called to the fact that during the last 3 years the increases in Federal grant funds have not been sufficient to meet the rising costs of the going program, nor adequate to initiate any new research.

Since salary increases have not been adequately provided for in the last 3 years, through increase in Federal grant funds, it has necessitated that salary increases for personnel supported with Federal grant funds be made with State funds. This has resulted in less being achieved with State dollars than was expected.

Salaries of experiment station personnel are not competitive with industry, evident when offers received by experiment station personnel from industry are usually 30 percent to 100 percent more than such personnel are receiving.

Mr. ABERNETHY. May I interrupt you there? I think you are aware of the fact that over some of the recent years the Department of Agriculture, so I am informed, has requested larger sums which were not approved by the Budget Bureau.

You are aware of that?

Mr. FARRELL. Yes, sir.

Mr. ABERNETHY. And yet, at the same time, I think you must recognize the fact that the Appropriations Committee and the Congress have been pounded over the head about spending. You are aware of that?

After all, the Appropriations Committee is more or less bound to handle its bills in such a manner as not to exceed the budget. Do you agree to that?

Mr. FARRELL. Yes, sir.

Mr. ABERNETHY. At the same time, I know that does not solve the problem that you are faced with, but it does put on the record why the situation exists.

Mr. FARRELL. We recognize, Mr. Chairman, there are steps in the total legislative process here, and if you do not get over the first hurdle, the succeeding ones are much more difficult.

Mr. ABERNETHY. I think that it could be said that the Department has been very sympathetic with the problem that you have suggested, and that it has sought larger approval from the Budget Bureau, as probably every other agency of Government has.

Of course, the Appropriations Committee and the Congress is more or less in the position of having to support the budget requests. You may proceed.

Mr. FARRELL. At the bottom of page 9, table 8, shows that the salary rate for experiment station personnel for the five ranks is near or lower than the beginning salary in the comparable U.S. civil service rate. This is because the low salaries for experiment station person-

nel for each of these ranks is \$2,000 to \$3,000 less than the beginning salary for comparable U.S. civil service ranks.

In looking at that table, you can see the average for the 51 experiment stations, that the Department heads receive \$11,339, with the comparable civil service ranking GS-14, beginning at about the same figure, \$11,335.

For the professor, the average is \$10,545, whereas the range for civil service starts at \$9,890 and goes to \$11,810.

The associate professor is \$8,572, and the beginning GS-12 is \$8,330, a couple of hundred dollars difference.

The assistant professor average in the beginning is \$7,030, that is the GS-11 rating, or \$9 difference.

The instructor is \$5,368 and the GS-7 and GS-9 is \$5,985, a little higher.

Chart 4 shows the dollars expended per worker over the last 4 years. We find that there has been an increase from an expenditure of just under \$12,000 in 1956 to over \$14,500 in 1959. This is an increase of 21.7 percent. With continued rising costs in fiscal year 1960, this percentage increase would be still higher.

We have estimated, as you will notice, the fiscal year 1960 figures from time to time because they are not available until next June 30, so that is the reason for that.

The cost per worker for operating funds for equipment, travel, and publications have increased markedly in the last 10 years. We recognize that some equipment has become more complicated and hence more expensive. There are also many examples of where advances in our knowledge, skills, and techniques require new kinds of equipment, much of which is quite expensive.

For example, to carry on basic research in the biochemistry of plants or animals, it is frequently necessary to label compounds with "weak" or "low intensity" radiation such as tritium. In order to analyze these compounds, it is necessary to employ scintillation counters with extreme sensitivity. Unfortunately, these cost about 10 times as much as an ordinary Geiger counter.

In order to continue to advance the frontiers of knowledge, we must provide the hardware to accomplish the research our scientists propose. The electronics equipment in a biochemistry laboratory developed at the Pennsylvania State University within the past 5 years cost \$30,400.

I will now go to table 9 which is the cost of certain items in 1949-50, and I have a correction here to make. Instead of 1950-59, it should be 1950-58.

Mr. ABERNETHY. Where is that?

Mr. FARRELL. That is in the second column. A lot of these are just pieces of glassware and various kinds of equipment that all laboratories use, and you will notice that the percentage increase ranges from 20 percent to 144 percent.

Going over to table 10, it shows the short-time increases that we frequently encounter at the time the budget request is made, which is 18 or 24 months ahead of time, and by the time the funds are available for a specific item, the percentage increase as shown there ranges from 22 to 48 percent.

Another example of what we have encountered in Pennsylvania that I would like to call your attention to has to do with the publication of results.

The last soil map we prepared in 1953 cost us \$8,871. The next one we had ready in 1959 was estimated to cost \$22,000. This is money that we cannot find to publish a soil survey, and we are exploring photographic methods that will cost considerably less. It may mean only having a few copies available in each county.

In regard to illustrative research findings in the last 5 years, what are some of the things that we have found out that we think are significant contributions to our basic research information to the farmer and to the consumer?

The first one deals with the subject of progeny tests developed for better beef. More than 3,500 beef animals have been subjected to a standard test developed by the Texas Experiment Station in cooperation with the Department. The test reveals inherited growth factors of beef animals. Such elements as genetic heritability, blood factors, mating of animals with high gaining characteristics, and others are taken into account. Use of the information already developed makes it possible for a ranchman to increase the rate of gain in cattle from one-half pound to a pound of beef a day. The research entering into the test program includes some of the fundamental studies in animal science. While more than one factor controls the gaining rate of beef cattle, station scientists are confident that they are on the threshold of finding a chemical blood test that will provide a simple formula for revealing efficiency of gain in individual animals.

IMPROVED FRESH CONCENTRATED MILK DEVELOPED

The Wisconsin station recently announced that it has developed an improved fresh concentrated milk with long keeping qualities under refrigeration. Upon the addition of two parts of water to one of the concentrate, the product is reconstituted to an average composition of whole milk. Through cooperation of dairy scientists and marketing specialists, a supply of the new concentrate developed by the experiment station was distributed among 900 families in two Wisconsin cities. Each family was asked to compare the palatability and convenience of reconstituting the concentrate with the use of fresh milk. Fewer than 25 percent of those using it said they like the product less than fresh milk; 62 percent said they liked it just as well; and 14 percent said they liked it even better. In addition to its apparent favorable acceptance by consumers, the new product has the advantage of lower transportation and handling costs than those involved in distributing milk on the fluid basis. For this reason it offers real incentive to development of markets in distant urban areas where fluid milk prices are high. Plans to begin processing of the product on a commercial scale are being launched by a large dairy marketing firm.

We are a little concerned with this in Pennsylvania. It can create problems in our present milk distribution.

IMPROVED METHODS DEvised FOR STUDYING THE BIOCHEMISTRY OF
CHOLESTEROL

This is a basic research development. Cholesterol in animal and human diets has been suspected to be involved in certain blood vessel diseases. Cholesterol belong to the group of complex compounds related to fats and known as sterols. Not long ago cholesterol and its immediate derivative, coprosterol, were the only sterols known to occur in the intestinal contents. Recently, biochemists at the Wisconsin station announced discovery of a new member of the sterol group. This was the sixth sterol to be found in the intestinal tract. A laboratory method was developed for producing it in sufficient quantity to be readily available for chemical tests. This research is aimed at getting refined methods for distinguishing between cholesterol and other closely related sterols in nutritional studies, relating to animals and humans.

NEW FIELD OF BIOCHEMISTRY EMERGES

The great abundance of carbohydrates (starches, cellulose, pectins, and other sugars) laid down in nature, their economic value, and the essential role they play in living organisms has stimulated attempts to discover how living cells build up and break down carbohydrates and the processes involved. Scientists of the California station, working with annual plants of the balsam family, have identified the part played by certain compounds in the manufacture of sugars within higher plants.

Mr. DIXON. You mean in the California station at Albany?

Mr. FARRELL. No, sir; we mean the California Experiment Station. It has various subdivisions. The main one is at Davis, Calif., in addition to what is going on at Berkeley.

One of these compounds, known as Uridine diphospho glucose plays a prominent role in sucrose synthesis inside the plants. As a result compounds such as the zylams, arabans, cellulose, and pectins are manufactured in nature. This group of scientists was the first to isolate the nucleotide derivatives of xylose and arabinose in higher plants. Out of this basic research is emerging a new field of biochemistry, nucleotide derivatives, in which resides the secrets of the viosynthesis of several important biological compounds. This research will lead to a better understanding of the basic life processes that take place in plants and animals and hence will contribute greatly to agriculture and to the industries that produce and utilize these plant materials.

Regional dairy marketing research finds immediate use: Farmers, dairy plant operators, and retailers of dairy products are finding immediate use for the results of cooperative regional research by 13 North Central States and several Department agencies. A milk assembly cost study in the Wichita, Kans., market was used to obtain substantial reductions in hauling charges, with estimated savings to farmers of about \$180,000 per year, and adjustments in route organization. Results of a South Dakota milk and cream study were widely used by creameries in the area in determining the feasibility of shift-

ing to whole milk and in deciding what methods of operations to use. Regional research on expanding milk consumption in schools has had a part in the increase in milk consumption in Illinois schools from 16.6 quarts annually per student in 1954 to 28 quarts in 1957. Co-ordinated studies in progress of the handling of surplus milk in about 100 of the leading fluid milk markets in the region also will prove helpful to all segments of the dairy industry.

Good management cuts poultry production costs: The challenge of intense competition in poultry farming is best met through using recommended management skills. The Michigan station, for example, found that the cost of raising pullets to maturity ranged from \$1.95 per bird to \$4.16, with the lowest cost on those farms where every recommended skill was put to work. The best management practice, when compared with the poorest, reduced the amount of feed used per bird by 21 pounds. The North Carolina station showed that production of hatching eggs per hen could be increased 24 percent by starting flocks in the July-September period rather than in April-June. In the production of market eggs, the Mississippi station learned that application of practices recommended to get a higher rate of lay and lower death losses resulted in triple increases for labor returns when compared with farms on which average levels of practices were being followed.

Costs lowered in field handling of citrus: The Florida experiment station found that in orchards with a volume of about 200,000 boxes of citrus, reducing hand labor to a minimum can contribute materially to lowered cost of handling citrus from tree into highway trucks. The "tractor-basket" method (in which a giant-size basket is operated on a hydraulic lift mounted on a tractor) showed a great advantage over hand handling of field boxes and a slight advantage over other mechanized methods. The cost of moving citrus from the tree into highway trailers by the tractor-basket method was 2.7 cents per field box, compared with 6.8 cents for the field-box handling method. The tractor-basket method was lower than the other mechanized systems because of the ease of unloading. It is estimated that 25 percent of Florida processed citrus fruit over the 1954-55 season was handled by tractor-basket at a saving of about \$267,000 to those who adopted this method.

Nonresidual herbicide cuts costs: In the past year several stations reported success with the chemical monuron as a weedicide. It does not build up in the soil and poison it. The Delaware station used monuron at recommended rates on identical asparagus beds for 7 years without residue being carried over a single season. The California station at Riverside found monuron to be a safe weedicide in citrus orchards without doing damage to citrus trees. Single applications of monuron at the rate of 2 pounds per acre controlled annual weeds for periods of 3 to 6 months. Spring and fall applications at the rate of 2 pounds per acre each year will provide complete control indefinitely. Compared with cultural methods, monuron reduced weed control costs by about 50 percent, saving the grower about \$15 per acre per year.

Industrial gums made from cornstarch: The Minnesota station has established the structural specifications of naturally occurring, indus-

trially important, plant gums that are imported at the present time in large amounts. Gum and resinlike products have now been made from cornstarch by simple chemical modifications and it is believed that these discoveries will provide a new outlet for surplus crops and other starch containing cereal grains.

We have been puzzled about a disorder in tomatoes over the past years. For a good many years it was suspected to be a boron deficiency but we believe that we have pretty much eliminated this at the present time, that it is really caused by a specific viral agent. This is, as far as we have gotten on this. We do not have the answer yet as far as control is concerned.

Virus is cause of internal tomato browning: A puzzling disorder of tomatoes at a ripening time has plagued tomatogrowers in the Eastern United States since 1946. The fruits of plants that are apparently healthy start browning internally and become worthless for eating and marketing. Outbreaks of this phenomenon have been spontaneous in tomatogrowing areas, sometimes causing financial losses running into thousands of dollars. The Pennsylvania station has established that the cause of this browning is a strain of tobacco mosaic virus. Infection seems to occur just as the first fruits begin to ripen. A concentration of virus then follows in the tomato fruits until some of the cells in the outer wall of the fruit are killed. The fruits are easily identified by a brownish discoloration radiating from the stem end. This is often followed by a corkiness in the walls.

Colloidal sediment linings save water: The Colorado station installed several experimental linings using bentonite as a sealing agent in irrigation ditches. With bentonite, 7 miles of canal can be sealed for the same amount of money it takes to line 1 mile of canal with the cheapest kind of lining now in common use. Under the Colorado method, the bentonite is stirred into colloidal suspension by an air compressor and taken downstream by the flowing water. When it reaches the leaky pores and cracks of the canal bed and sides, these are sealed tight. Ordinarily the value of the water saved during the first year pays for the cost of the bentonite and labor. In one stretch of 12.5 miles of canal, money value of water saved in 1 year was \$79,500.

Another expression of the productivity of the State station program is indicated by the number of publications making the results of research available. In fiscal year 1959, for example, the stations published 950 technical and popular bulletins, nearly 7,700 popular and technical articles in journals, and over 1,100 periodicals and pamphlets. Considering all publications covering research results, the stations prepared nearly 13 million copies for distribution to farmers and ranchers. The State stations thus have contributed greatly to the improvements in efficiency and quality of farm products that have been of benefit to all.

We believe we are doing a good job in agricultural research in meeting the farm problems of the States and the Nation. The need to improve the efficiency of farming continues to be one of our biggest problems with the cost of items the farmer buys increasing while the price he obtains for products of the farm is on the average declining. Agricultural research has made possible our high standard of living,

and the matter of improving quality of farm products continues to receive greater attention.

Basic research in all areas is receiving increasing emphasis. For example, problems in animal and plant breeding, control of weeds, insects, disease, and pesticides, and knowledge regarding the proper use of chemicals on the farm require basic research. Historically, the State experiment stations have contributed much to basic research. While the research was initiated to find the answer to a practical problem of agriculture, the results in many cases have been of great benefit to human health and welfare. A recent review of all projects at the 53 agricultural experiment stations indicated that 22 percent of Federal-grant payments to State agricultural experiment stations support basic science.

This has been a figure bandied around over the years. I think the original figure by the National Science Foundation was about 23 percent, while others estimated it as 12 percent. We had a careful analysis made, and we find that it turns out to 22.5 percent. This was published in *Science*. I have copies of that present, and if you would like to put it into the record, I shall be glad to do so.

Mr. ABERNETHY. We will receive the copies for the record.

(The document, "Basic Research at State Stations," is as follows:)

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BASIC RESEARCH AT STATE STATIONS—22 PERCENT OF FEDERAL-GRANT PAYMENTS TO STATE AGRICULTURAL EXPERIMENT STATIONS SUPPORT BASIC SCIENCE

(H. C. Knoblauch¹)

The State agricultural experiment stations, comprising a group of 53 State institutions, are conducting a broad and comprehensive program of research in phases of the life, physical, and social sciences related to agriculture. These stations, generally associated with land-grant colleges or State universities, have a long and successful history of research experience, and many of their findings have blazed new trails in basic fields of science. The Federal Government, recognizing the important part scientific research could play in solving farm problems, encouraged the establishment of State agricultural experiment stations and a continuing grant-in-aid program through passage of the Hatch Experiment Station Act of 1887. The program was further strengthened by subsequent passage of the Adams Act of 1906, the Purnell Act of 1925, the Bankhead-Jones Act of 1935, and the amendment to the Bankhead-Jones Act of 1946. Each of these provided for further endowment and increases in the Federal-grant payments to States. In 1955, the five measures were combined by Congress into the Hatch Act amended, which serves as the present authorization for grant-in-aid payments to the States.

TABLE 1.—*Analysis of Federal-grant research by field of research*

The percentage of basic research conducted in the various fields varies widely, the applied fields such as farm forestry, agricultural engineering, and agricultural meteorology all having less than 10 percent. The relative scope of the pro-

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gram in any one field may be determined by the total expenditures and the number of projects in that field.

Field	Projects		Expenditures			
	Num- ber	Percent of total	Amount	Percent of total	For basic research	Percentage basic research
1. Forestry-----	91	1.7	\$309,033	1.2	\$19,179	6.2
2. Agricultural engineering-----	243	4.6	1,263,363	4.9	101,982	8.1
3. Meteorology-----	27	.5	120,661	.5	11,505	9.5
4. Agricultural economics-----	310	5.8	1,370,372	5.3	213,342	15.6
5. Veterinary science-----	232	4.4	1,343,568	5.2	234,883	17.5
6. Horticulture-----	435	8.2	1,582,106	6.1	288,256	18.2
7. Agronomy-----	629	11.9	3,097,789	12.0	575,713	18.6
8. Dairy husbandry-----	187	3.5	1,176,892	4.6	226,857	19.3
9. Animal husbandry-----	382	7.2	2,319,659	9.0	450,236	19.4
10. Entomology and zoology-----	380	7.2	1,523,417	5.9	323,550	21.2
11. Marketing-----	505	9.5	2,766,526	10.8	630,965	22.8
12. Soils-----	396	7.5	1,848,671	7.2	441,184	23.9
13. Food technology-----	228	4.3	1,155,924	4.5	292,444	25.3
14. Human nutrition and home economics-----	249	4.7	1,333,851	5.2	351,623	26.4
15. Rural life studies-----	106	2.0	448,745	1.7	120,781	26.9
16. Poultry husbandry-----	251	4.7	1,120,068	4.3	303,633	27.1
17. Botany and plant pathology-----	626	11.8	2,884,115	11.2	1,102,322	38.2
18. Agricultural chemistry-----	25	.5	91,204	.4	42,791	46.9
Total-----	5,302	100.0	25,755,964	100.0	5,731,246	-----

In terms of the original goals for which the agricultural experiment stations were established, they have gone far beyond the most imaginative concept of their founders. The station system, as developed in the United States, has made tremendous contributions to science. Many of these have benefited not only agriculture but all mankind. Discoveries like streptomycin and Dicumarol, for example, while growing out of agricultural experiment station research, have advanced scientific progress in medicine.

The agricultural experiment stations provide a scientific service on many fronts. They pioneer in fields of study the usefulness of which may not be immediately apparent, but which may contribute to a broad advancement of knowledge. No matter how simple the problem brought to an experiment station may appear, the scientific finding of the answer often requires considerable basic research.

The Federal Government's research grants made to State experiment stations under the Hatch Act have for years served as incentives to the States to appropriate additional funds and to individuals and organizations to make private grants. Both Federal and State moneys can and should be used increasingly for problems requiring basic research. During fiscal year 1957, approximately 25 percent of the total support for research at the State agricultural experiment stations was derived from Federal-grant payments under the amended Hatch Act. Both the State agricultural experiment stations, which administer and conduct the research under these funds, and the State Experiment Stations Division of the Agricultural Research Service, which administers the Federal-grant program, have placed increasing emphasis on research aimed at basic problems in agriculture.

TABLE 2.—*Analysis of Federal-grant research by major areas of research*

This table combines the data given in table 1 into five major areas, as follows: Animal science: Animal husbandry, dairy husbandry, poultry husbandry, and veterinary science. Economics and marketing, and related social sciences: Agricultural economics, marketing, and rural sociology. Physical sciences: Agricultural chemistry, agricultural engineering, and meteorology. Plant science:

Entomology, field crops, forage crops, forestry, fruits and nuts, ornamental and drug plants, plant pathology, plant physiology, soils, vegetables, and weeds. Utilization and home economics: Dairy technology, food science and technology, and home economics.

Area	Projects		Expenditures			
	Number	Percent of total	Amount	Percent of total	For basic research	Percentage basic research
Physical science.....	295	5.6	\$1,475,228	5.7	\$156,278	10.6
Utilization and home economics.....	477	9.0	2,489,775	9.7	644,067	25.9
Economics and marketing.....	921	17.4	4,585,643	17.8	965,088	21.0
Animal science.....	1,052	19.8	5,960,187	23.1	1,215,609	20.4
Plant science.....	2,557	48.2	11,245,131	43.7	2,750,204	24.5
Total.....	5,302	100.0	25,755,964	100.0	5,731,246	-----

Surveys made during recent years indicate that the agricultural experiment stations devote a substantial amount of their resources to such research. In 1953-54 the National Science Foundation made a survey on the amount of funds used for basic research by the 53 agricultural experiment stations. The report, issued in 1957, showed expenditures for basic research as follows: 23 percent in the life sciences; 35 percent in the physical sciences; and 16 percent in the social sciences. The average total for experiment station funds for basic research was 23 percent of the total money available. The other 77 percent was reported to be earmarked for applied research—including a small amount for development (1).

A recent report on basic research in industry indicated that counting abstracts published by various industries gave a measure of the industry's effort in basic research (2).

Since 1951 the Department of Agriculture has reported annually to the Bureau of the Budget and to the National Science Foundation the estimated percentage of Federal-grant funds going into basic and applied research and development.

Percentage figures may, of course, vary considerably, according to the definition of basic research used. To lend greater accuracy to the estimates of basic research performed with Federal-grant funds, an analysis was made in 1958, on the basis of the definition developed by the National Science Foundation (3).

Analytical study

Each of the 5,302 Federal-grant research projects in the files of the State Experiment Stations Division was studied. The study was undertaken by 33 specialists in the Division, and in many cases two or more specialists made appraisals of specific projects and reports of progress in determining the amount of basic research involved.

Results

Figure 1 and tables 1 and 2 present the results obtained from the analysis. The average for all stations for basic research was 22.3 percent, the range for the stations being from 3.2 to 46.1 percent. The relative ranking of each State is considered reliable, representing a composite rating of all fields by the several scientists who took part in the study.

It should be noted that the Federal grants compose from less than 10 percent of the total funds available in some State stations to over 65 percent in others. A rather strong correlation exists between the level of non-Federal

fund support and the amount of basic research supported by the Federal-grant funds.

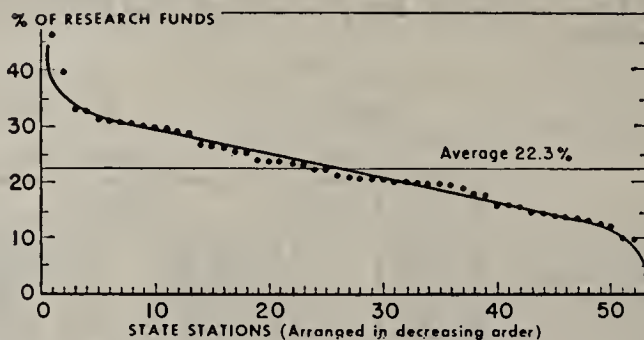


FIGURE 1.—Basic research in agriculture for fiscal year 1957 at the 53 State agricultural experiment stations, as estimated from an analysis of projects receiving Federal-grant support (U.S. Agricultural Research Service).

The sample of 5,302 Federal-grant experiment station projects can be considered representative of the total program of State station research, which, in 1957, involved an additional 6,500 projects supported by State-appropriated and other funds. The total expenditures from Federal-grant and non-Federal funds in 1957 were approximately \$114 million. By applying the percentage figure obtained for basic research for projects supported by Federal-grant funds to the total, it was found that the experiment stations used over \$25 million of the funds available during the 1957 fiscal year for basic research (4).

REFERENCES AND NOTES

(1) "Funds for Research in Agricultural Experiment Stations, 1953-54," National Science Foundation, Reviews of Data on Research and Development, No. 8 (NSF 57-37, Nov. 1957).

(2) J. C. Fisher, "Science 129, 1653" (1959).

(3) "Basic research is that type of research which is directed toward increase of knowledge in science. It is research where the primary aim of the investigator is a fuller knowledge or understanding of the subject under study rather than a practical application thereof." (From a letter written by Alan T. Waterman, Director of the National Science Foundation, to B. T. Shaw, Administrator of the Agricultural Research Service, Nov. 22, 1957).

(4) This article is an analysis of research undertaken at the State agricultural experiment stations with Federal-grant support. It is adapted from an address presented before the experiment station section of the American Association of Land-Grant Colleges and State Universities in Washington, D.C., November 11, 1958.

MR. FARRELL. While not a subject of this hearing the physical facilities bill which was introduced as H.R. 9300 by Mr. Abernethy in this session is a matter of importance in that the lack of physical facilities is a limiting factor in research progress at many experiment stations. The experiment station directors were glad to note in the Congressional Record of the 1st session of the 86th Congress the discussion between Mr. Albert and Mr. Abernethy in which Mr. Abernethy indicated he believed the physical facilities bill has merit and Congress should do something about it.

We also appreciate Mr. Dixon's commenting favorably about the physical facilities bill, I believe, at this same session.

Now a word about the future.

The legislative subcommittee of the agricultural experiment stations as always feels gratified that your group continues to be genuinely

concerned with the role of agricultural research in the welfare of the people of our great Nation.

We know you recognize the absolute necessity of research as the foundation for progress and even to maintaining the status quo.

The demands for expansion of research activities in the broad field of agriculture becomes more insistent each year. The effect of a single act such as passage and implementation of the Miller law is tremendous. The facilities of many State experiment stations will be taxed beyond the bursting point to provide the necessary data to answer questions, such as safe tolerances and the duration of residues of new as well as old agricultural chemicals. The decisions based on the answers to the many associated questions will affect not only producing farmers but every consumer of agricultural products—and I think that includes just about all of us.

We are sobered in our outlook as we pause to consider the implications of population expansion. Whether we think of it or not, the relentless fact exists that every 11 seconds a new baby is born in this country. During this brief time we have been meeting here, on the order of 200 new Americans have joined our ranks. The research we do next year and the year after that will play an important role in the kind of life they will be able to pursue in 1980.

The preceding statement has in brief form indicated what use has been made of increases in Federal-grant funds over the past 5 years. It has been pointed out that the increases in these funds in the last 3 years were inadequate to meet the essential salary increases for personnel engaged in the going program. This inadequate support of agricultural research at the State stations has occurred in a period when Congress has greatly expanded the total research effort of the Nation. Table 11 on the preceding page shows the Federal Government expenditures for research and development in the past 20 years.

I would like to direct your attention particularly to the figures for the last 3 years in table 11. During this period the total scientific research and development funds (col. B) were increased 94 percent, going from 3.8 billion to 7.4 billion from 1957 to 1960.

While as has been mentioned earlier, the Federal grants to State experiment stations increased only 6.9 percent during this same period. This is also reflected in the last column D of table 11 which shows agriculture's share of the Federal research dollar decreasing approximately 35 percent in this same 3-year period—1957 and 1960.

In other words, it went from 2.6 percent, to 1.7 percent, or a decrease of 35 percent in 3 years.

Agriculture is one field in which the United States indisputably leads the world. The future of agriculture is just as dependent on research today as is any other segment of the total economy. If adequately supported, agricultural research will continue to contribute to the sum of our knowledge of science, to the health of our people and the Nations' economy. Thank you.

The CHAIRMAN. Do you desire to have your entire statement made a part of the record?

Mr. FARRELL. Yes.

Mr. ABERNETHY. The entire statement will be made a part of the record at this point.

(The prepared statement of M. A. Farrell follows:)

STATEMENT OF M. A. FARRELL, OF THE STATE AGRICULTURAL EXPERIMENT STATIONS,
LEGISLATIVE COMMITTEE OF THE AMERICAN ASSOCIATION OF LAND-GRANT COL-
LEGES AND STATE UNIVERSITIES

Chairman Abernethy and members of the committee, we welcome this opportunity to meet with you this morning. The legislative committee represents the 53 agricultural experiment stations in the U.S.A. and Puerto Rico. The membership is comprised of two representatives each from the northeast, the north central, the southern, and the western regions. I am M. A. Farrell, director of the Pennsylvania Agricultural Experiment Station and chairman of the legislative subcommittee of the experiment stations section of the Association of Land-Grant Colleges and State Universities. With me, and members of the same committee, are M. T. Buchanan, director, Washington Agricultural Experiment Station; L. E. Hawkins, director, Oklahoma Agricultural Experiment Station; J. G. Horsfall, director, Connecticut Agricultural Experiment Station; C. C. Murray, dean of the College of Agriculture, University of Georgia; D. W. Thorne, director, Utah Agricultural Experiment Station; L. M. Turk, director, Michigan State Agricultural Experiment Station; and N. J. Volk, director, Purdue University Agricultural Experiment Station.

PURPOSE OF THE MEETING

Chairman Abernethy, in a letter of November 6, 1959, to Mr. R. I. Thackrey, executive secretary of the American Association of Land-Grant Colleges and State Universities, indicated that since he understood requests will be made in the present session for increases in Federal-grant funds for the States, it would be of interest to the committee to know how the States have used the increases granted by Congress during the past 5 years. This statement is the answer to the question raised by Mr. Abernethy's letter. This committee was responsible for the consolidated Hatch Act of 1955 with its open-end authorization, which has made possible the increase appropriated in recent years.

The committee is, I am sure, fully aware of the fact that much of the expansion and strengthening of research at the State agricultural experiment stations during the past 10 years was made possible by enactment of the Research and Marketing Act of 1946. It is significant to note, however, that the specific increase of \$20 million in annual Federal-grant payments to State experiment stations, authorized to be attained by fiscal year 1951, was in fact not achieved until fiscal year 1957. Increases obtained since fiscal year 1957 under the open-end authorization total only about \$2 million annually, an amount far short of the increases in the cost of conducting research under the grant fund program over that period.

We wish to acknowledge also the great benefits in terms of simplified operation which has resulted from the act of 1955 (Public Law 84-352) consolidating the Hatch Act and all laws supplementary thereto into a single authorization which was brought about by this committee.

INCREASES IN FEDERAL-GRANT FUNDS RECEIVED 1956-60

Table 1 shows the increases of Federal-grant funds made by Congress during the last 5 years.

TABLE 1.—*Increases requested and appropriated under the Hatch Act, as amended, 1956-60*

Fiscal year	Increase requested by experiment stations	Increase appropriated
1956.....	\$8,500,000	\$5,300,000
1957.....	6,000,000	4,750,000
1958.....	6,000,000	850,000
1959.....	6,000,000	1,200,000
1960.....	6,000,000	

In the above table, the total increase for the 5-year period 1956-60 was \$12.1 million while the total requested was \$32.5. The cumulative difference between the increase requested and the increase appropriated over this period is more than \$52 million.

Increases in non-Federal funds received by the 53 agricultural experiment stations during the 1956-60 5-year period are shown in table 2.

TABLE 2.—*Increases in non-Federal funds 1956-60*

Fiscal year:	<i>Increase appropriated by States</i>
1956-----	\$4, 070, 000
1957-----	8, 130, 000
1958-----	12, 590, 000
1959-----	7, 138, 000
1960-----	¹ 3, 800, 000

¹ Estimated.

During this 5-year period the States increased the annual level of support by over \$35.7 million, while \$12.1 million in increases in Federal-grant funds were appropriated by Congress. This points up a difference of \$23.6 million in favor of State appropriations.

Chart No. 1 presents graphically the additional funds obtained during the last 5-year period from Federal-grant increases as well as moneys obtained from the States and Territories. It can be seen that the States provided approximately \$3 for each \$1 from Federal funds. This ratio is a good investment of Federal funds for research, dollarwise, because for each \$5 spent on research, only \$1 of Federal-grant money is expended. Other Federal-grant dollars for research require matching on a dollar-for-dollar basis or in many cases no matching whatever. Table 3 shows the ratio of State to Federal dollars available for agricultural research at the 53 agricultural experiment stations over the period 1946-60.

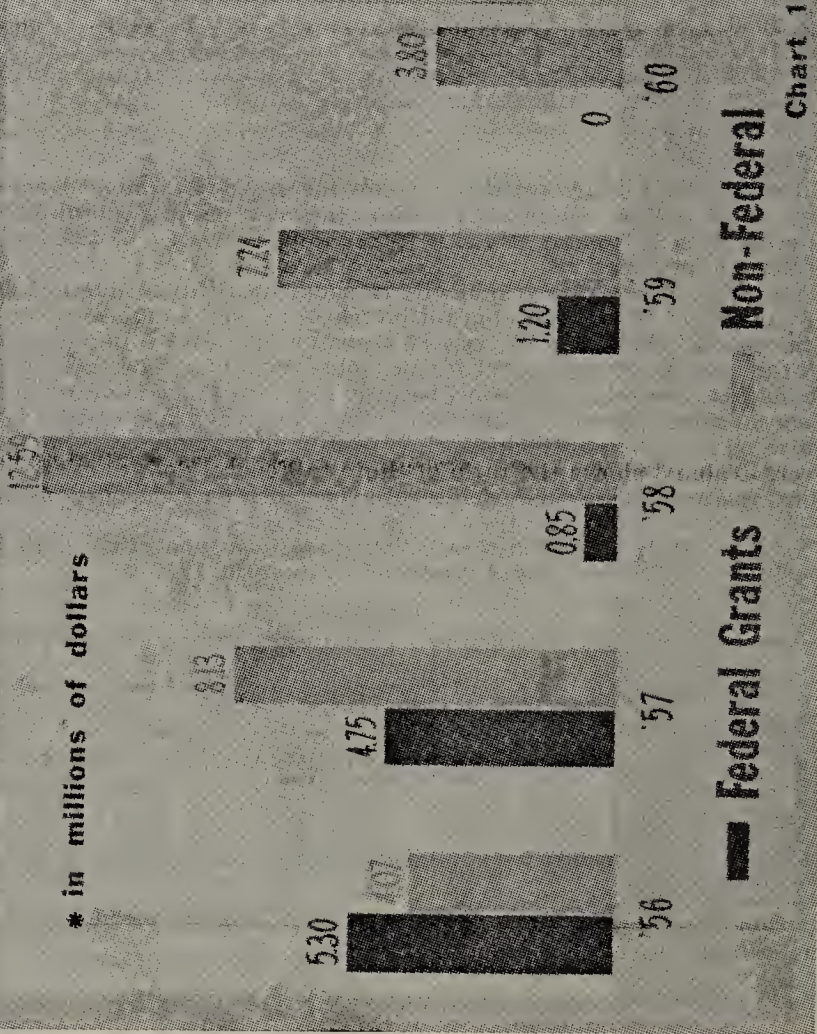
TABLE 3.—*State agricultural experiment stations supporting funds for operations, fiscal years ending June 30, 1946-60*

[Thousand dollars]

Year	State	Federal	Total	Ratio, State to Federal	Year	State	Federal	Total	Ratio, State to Federal
1946-----	20, 787	7, 206	27, 993	2. 9:1	1954-----	67, 205	13, 722	80, 927	4. 9:1
1947-----	27, 700	7, 206	34, 906	3. 8:1	1955-----	72, 158	19, 454	91, 612	3. 7:1
1948-----	35, 350	9, 706	45, 056	3. 6:1	1956-----	76, 233	24, 754	100, 987	3. 1:1
1949-----	40, 305	10, 719	51, 024	3. 8:1	1957-----	84, 368	29, 754	114, 122	2. 8:1
1950-----	45, 205	12, 698	57, 903	3. 6:1	1958-----	96, 958	30, 604	127, 562	3. 2:1
1951-----	50, 972	12, 716	63, 688	4. 0:1	1959-----	104, 196	31, 804	135, 029	3. 3:1
1952-----	56, 884	12, 670	69, 554	4. 5:1	1960-----	¹ 108, 000	31, 804	145, 804	3. 4:1
1953-----	61, 971	12, 696	74, 667	4. 9:1					

¹ Estimated.

INCREASE IN AGRICULTURAL RESEARCH FUNDS*



HOW INCREASES WERE SPENT

Twelve broad categories of research are used for convenience in classifying projects at the 53 agricultural experiment stations. Table 4 lists these categories and shows how Federal-grant and non-Federal increases were used in 1956-59.¹ This table shows the total dollar expenditure in each category as well as the percentage range of expenditures by categories over the 4-year period.

TABLE 4.—*Distribution of total Federal-grant and total non-Federal increases at the State agricultural experiment stations, 1956-59*

	Federal grant		Non-Federal	
	1956-59	Percentage range	1956-59	Percentage range
Agricultural economy and rural life studies.....	\$814,000	5.8-7.1	\$1,086,500	3.3-3.6
Marketing.....	1,746,000	13.1-19.7	1,261,000	3.6-4.1
Utilization.....	796,000	3.3-7.5	1,497,000	4.5-4.8
Agricultural engineering.....	564,000	4.5-4.9	1,336,000	3.9-4.3
Animal science.....	2,651,000	21.5-22.4	9,396,000	29.2-29.7
Field crops.....	1,545,000	11.7-13.0	4,744,000	14.6-14.9
Horticultural crops.....	630,000	4.8-5.3	3,755,000	11.5-12.1
Farm forestry.....	111,000	0.9-1.0	404,600	1.2-1.3
Genetics.....			372,000	1.1-1.2
Soil and plant nutrition.....	1,140,000	9.0-9.5	2,968,000	8.8-9.7
Botany and plant pathology.....	752,000	6.1-6.6	2,246,000	6.8-7.1
Entomology and zoology.....	683,000	5.4-5.9	2,245,000	6.9-7.1
Home economics and human nutrition.....	668,000	4.7-5.8	728,000	2.2-2.4
Total.....	12,100,000		29,793,100	

It can be noted in table 4 that increases have been equitably distributed among all areas although the more expensive areas such as marketing, animal science, and field crops received larger allocations. The actual annual percentages of that portion of the Federal grant subject to the 20 percent for marketing requirements which were spent for marketing for this 4-year period were as follows: 1956, 22.6; 1957, 23.1; 1958, 23.1; 1959, 23.2.

REGIONAL RESEARCH

The Congress in passing the Research and Marketing Act of 1946 provided that 25 percent of the funds might be used for regional research. In such regional research, two or more States tackle an important problem of the region cooperatively. This regional research is supported in part with these regional funds and also with station Federal-grant funds as well as with State funds. Table 5 is of interest in showing the support of regional research with other funds.

TABLE 5.—*Summary of expenditures for cooperative regional research projects by sources of funds, 1948 through 1959*

Fiscal year	Regional research funds	Other Federal-grant funds	Non-Federal funds	Total
1948.....	\$422,156.60	\$433,252.60	\$493,888.08	\$1,349,296.77
1949.....	822,800.86	1,004,033.42	1,289,136.05	3,115,970.33
1950.....	1,161,627.81	1,418,955.46	1,782,058.00	4,362,681.27
1951.....	1,292,350.05	1,699,757.56	2,195,861.00	5,187,968.61
1952.....	1,453,844.72	1,733,561.77	2,464,664.80	5,652,071.29
1953.....	1,239,678.35	1,703,327.76	2,797,610.45	5,740,616.56
1954.....	1,481,814.36	1,822,249.68	2,865,923.11	6,169,987.15
1955.....	2,819,134.15	2,758,149.73	3,455,524.81	9,032,808.69
1956.....	4,176,328.87	3,733,472.86	4,383,150.13	12,292,951.86
1957.....	5,351,304.65	4,682,726.64	5,244,696.64	15,278,727.93
1958.....	5,581,074.00	4,797,416.84	5,684,979.02	16,063,469.86
1959.....	5,882,867.86	4,787,182.50	6,393,297.36	17,063,347.72
Total.....	31,684,982.28	30,574,126.31	39,050,789.45	101,309,898.04
Percent.....	31.3	30.2	38.5	100.0

¹ Expenditures for fiscal year 1960 are not yet available.

I would like to direct your attention to the supporting funds for regional research at the bottom of table 5. It can be seen from these funds that regional research funds alone support less than one-third of the cost of regional research.

Table 6 shows the source of funds for regional research on one regional project in fiscal 1959.

TABLE 6.—*S-10 improvement of beef cattle for the southern region through breeding methods*

Cooperating experiment stations	Regional research funds	Hatch funds	Non-Federal funds	Total
Alabama.....	\$12,240.00	\$15,232.25	0	\$27,472.25
Arkansas.....	11,000.00	7,475.06	\$64,712.51	83,187.57
Florida.....	7,988.32	300.00	8,000.00	16,288.32
Georgia.....	5,500.00	0	12,083.32	17,583.32
Kentucky.....	9,300.00	0	0	9,300.00
Louisiana.....	6,000.00	15,000.00	30,000.00	51,000.00
Mississippi.....	8,000.00	4,839.93	10,000.00	22,839.93
North Carolina.....	9,350.00	0	2,880.00	12,230.00
South Carolina.....	0	1,000.00	1,666.34	2,666.34
Tennessee.....	12,000.00	17,413.06	38,939.35	68,352.41
Texas.....	10,000.00	24,411.72	82,000.00	116,411.72
Virginia.....	6,000.00	0	0	6,000.00
Maryland.....	0	6,657.09	12,239.17	18,896.26
West Virginia.....	0	9,728.67	0	9,728.67
Total.....	97,378.32	102,057.78	262,520.69	461,956.79

It can be seen from the above information that while the project is supported with \$97,378 of regional funds, the total expended was \$461,957. The difference between these two figures was made up of \$102,058 of Hatch funds and \$262,521 of State funds.

During the 1956-59 period the expenditures for regional research by categories is shown in table 7.

TABLE 7.—*Distribution of regional research fund increases at the State agricultural experiment stations, 1956-59*

	Federal grant, 1956-59	Percentage range
Agricultural economic and rural life studies.....	\$144,000	4.3- 5.2
Marketing.....	709,000	22.9-23.7
Utilization.....	0	0
Agricultural engineering.....	122,000	3.5- 4.6
Animal science.....	702,000	22.3-24.2
Field crops.....	526,000	16.6-18.3
Horticultural crops.....	23,000	.3- .9
Farm forestry.....	13,000	.2- .8
Soils and plant nutrition.....	256,000	8.4- 8.7
Botany and plant pathology.....	206,000	6.1- 7.7
Entomology and zoology.....	79,000	1.4- 3.7
Home economics and human nutrition.....	246,000	6.8- 8.6
Total.....	3,026,000	-----

Chart No. 2 shows the total regional research picture from its inception up to fiscal year 1959. It shows that out of a total of 306 regional research projects 112 have been completed or revised.

Many problems are regional or even national in scope and must be studied under a variety of conditions. The regional research program provides an organized attack on vital problems of general concern without nonessential duplication of effort.

Chart No. 3 shows the total number of active research projects at the 53 agricultural experiment stations over the 1955-59 period. It is evident that the number of projects has remained constant for the past 3 years, with the number of new projects just about equaling the number of completed projects. These

same figures for the last 3 years point up the financial squeeze that has been occurring, in that the number of projects has remained fairly constant during this time.



STATE PROJECTS SUPPORTED BY FEDERAL FUNDS

— continued — new — completed

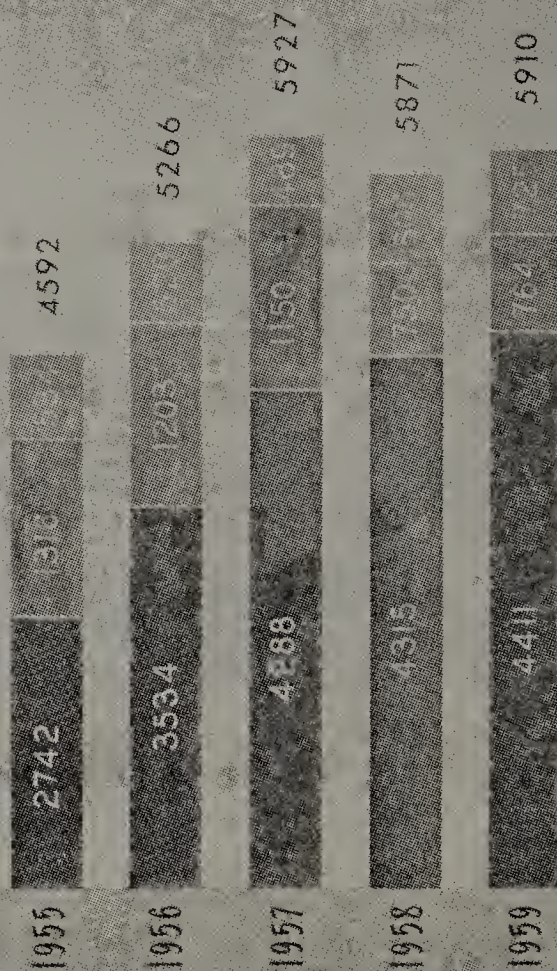


Chart 3

RISING COSTS

The last 5 years has been a period of rising costs, including higher personnel costs as well as higher operating costs. The foundation stones in research are well-trained personnel who provide the ideas, the ingenuity, the perseverance and all-around know-how in understanding the solution of our agricultural problems. The support of this group and supporting personnel require approximately 80 percent of Federal-grant funds as salaries and wages. It is estimated that experiment station salaries increased 20 percent on the average for the 3-year period July 1, 1957, and June 30, 1960. Over the same period of time the Federal grants to experiment stations increased only 6.9 percent. Your attention is called to the fact that during the last 3 years the increases in Federal-grant funds have not been sufficient to meet the rising costs of the "going" program nor adequate to initiate any new research. Since salary increases have not been adequately provided for in the last 3 years through increases in Federal-grant funds, it has necessitated that salary increases for personnel supported with Federal-grant funds be made with State funds. This has resulted in less being achieved with State dollars than was expected.

Salaries of experiment station personnel are not competitive with industry, evident when offers received by experiment station personnel from industry are usually 30 to 100 percent more than such personnel are receiving. Table 8 shows a comparison of experiment station salaries with those of the U.S. civil service, scientists, and Government officials.

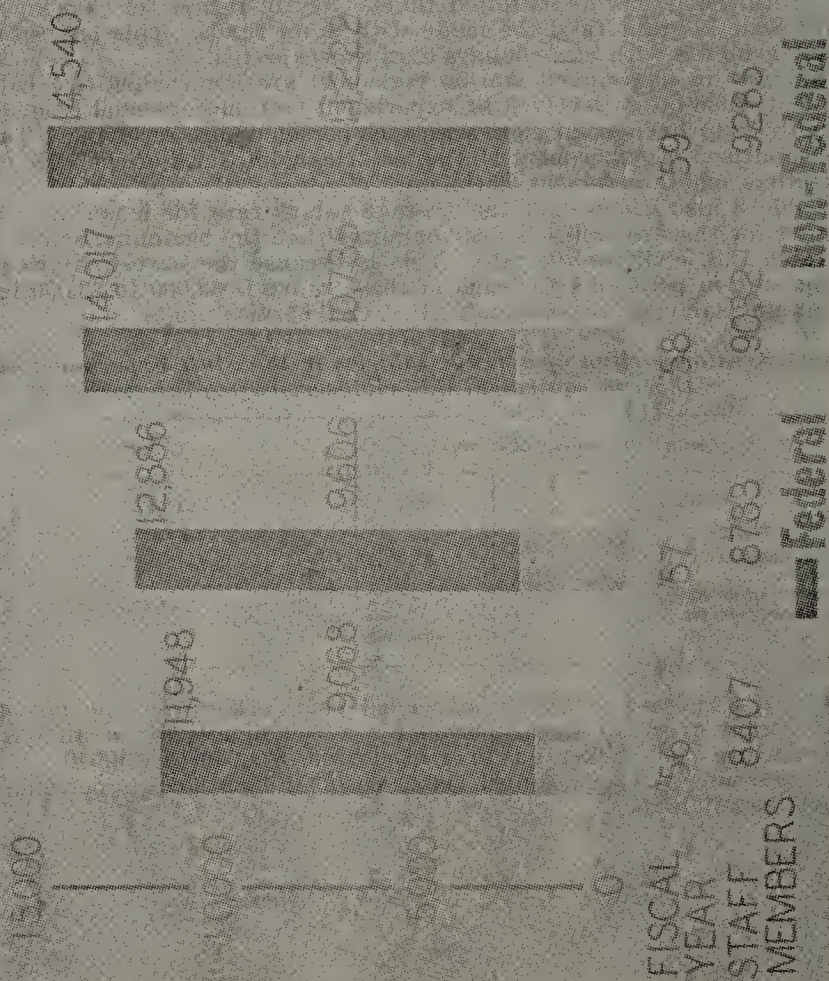
Table 8 also shows that the average salary rate for experiment station personnel for the five ranks is near or lower than the beginning salary in the comparable U.S. civil service rate. This is because the lowest salaries for experiment station personnel for each of these ranks is \$2,000 to \$3,000 less than the beginning salaries for comparable U.S. civil service ranks.

TABLE 8.—*Comparison of average salaries in the State experiment stations with those of equivalent U.S. civil service pay rates, 1959-60*

Agricultural experiment stations		U.S. civil service	
Rank	Salary	Rank	Salary
Department head.....	\$11,339	GS-14.....	\$11,355-\$13,275.
Professor.....	10,545	GS-13.....	9,890- 11,810
Associate professor.....	8,572	GS-12.....	8,330- 10,250
Assistant professor.....	7,039	GS-11.....	7,030- 8,950
Instructor.....	5,368	GS-7 and 9.....	5,985- 7,335

Chart 4 shows the dollars expended per worker over the last 4 years. It shows that over the 4-year period for which figures are available, the dollar expenditure per worker has increased from \$11,948 to \$14,540, an increase of 21.7 percent. With continued rising costs in 1959-60 this percentage increase would be still higher.

FUND DISTRIBUTION — Dollars per worker



The costs per worker for operating funds for equipment, travel, and publications have increased markedly in the last 10 years. We recognize that some equipment has become more complicated and hence more expensive. There are also many examples of where advances in our knowledge, skills, and techniques require new kinds of equipment, much of which is quite expensive. For example, to carry on basic research on the biochemistry of plants or animals it is frequently necessary to "label" compounds with "weak" or low intensity radiations such as tritium (H^3). In order to analyze these compounds, it is necessary to employ scintillation counters with extreme sensitivity. Unfortunately, these cost about 10 times as much as an ordinary geiger counter. In order to continue to advance the frontiers of knowledge, we must provide the hardware to accomplish the research our scientists propose. The electronics equipment in a biochemistry laboratory developed at the Pennsylvania State University within the past 5 years cost \$30,400. Included is a single item of \$9,339 for a Packard tri-carb counter (scintillator).

The development of chromatographic techniques has opened new avenues into the study of micromaterials. However, this also has necessitated extensive and expensive instrumentation for analysis. Such items as a fraction collector (\$1,845), a Warburg apparatus (\$1,100), or Beckman D.U. spectrophotometer (\$3,000) are essential to research utilizing chromatography. Many institutions have made the choice of expending research money for such equipment rather than stagnating in their research programs and defaulting in our scientific advance to foreign powers.

Examples such as the foregoing stimulate enthusiasm. However, we find it costs more money every year just to stand still. In table 9 there are a few examples illustrating the increase in costs of what we consider to be routine research supplies and equipment.

TABLE 9.—*Examples of increases in costs for research supplies and equipment*

Item	Cost, 1949-50	Cost, 1958-59	Percent increase
Petri dishes (per case)	\$32.40	\$38.88	20
Pipettes, serological 1 milliter ($\frac{1}{2}$ gross)	48.60	87.38	80
Burette, 50 milliliters	4.40	10.76	144
Cotton (12-roll carton)	8.10	13.90	72
Automatic pipette machine	110.00	175.00	59
Electric vacuum oven (small)	97.50	200.00	105
Water bath (Freas constant temperature)	114.75	225.00	96

Examples of increases in costs between the time budget requests are made and 15 to 18 months later illustrate one of the problems in planning and executing even a short-term research program as shown in table 10.

TABLE 10.—*Change in cost of equipment items*

Item	At time of budget request, March 1957	Cost 15 to 18 months later	Percent increase
Electric sterilizer	\$495	\$634	28
Paraffin oven	550	680	23
Light chamber	600	735	22
Office chair	40	59	48
Moisture tester	110	136	24
Cooling unit	370	452	22

While we do not wish to belabor the issue of increasing costs, one last example may be in order. The culmination of many kinds of research activities is publication of the results so that the findings may be utilized by the public, other scientists, and Government officials.

In 1953 it cost \$8,871 to print the soil map of Juniata County, Pa. During 1959 we asked for bids to publish a similar kind of soil map for Lebanon County, Pa. The lowest bid was \$22,000. We are searching diligently for an alternative means of making this valuable information available to the rural and urban people who are vitally concerned.

ILLUSTRATIVE RESEARCH FINDINGS IN THE LAST 5 YEARS

A few of the many research findings during the past 5 years are illustrated by the selections shown below.

Progeny test developed for better beef.—More than 3,500 beef animals have been subjected to a standard test developed by the Texas experiment station in cooperation with the Department. The test reveals inherited growth factors of beef animals. Such elements as genetic heritability, blood factors, mating of animals with high gaining characteristics, and others are taken into account. Use of the information already developed makes it possible for a ranchman to increase the rate of gain in cattle from one-half pound to a pound of beef a day. The research entering into the test program includes some of the most fundamental studies in animal science. While more than one factor controls the gaining rate of beef cattle, station scientists are confident that they are on the threshold of finding a chemical blood test that will provide a simple formula for revealing efficiency of gain in individual animals.

Improved fresh concentrated milk developed.—The Wisconsin station recently announced that it has developed an improved fresh concentrated milk with long-keeping qualities under refrigeration. Upon the addition of two parts of water to one of the concentrate, the product is reconstituted to an average composition of whole milk. Through cooperation of dairy scientists and marketing specialists, a supply of the new concentrate developed by the experiment station was distributed among 900 families in two Wisconsin cities. Each family was asked to compare the palatability and convenience of reconstituting the concentrate with the use of fresh milk. Fewer than 25 percent of those using it said they liked the product less than fresh milk; 62 percent said they liked it just as well; and 14 percent said they liked it even better. In addition to its apparent favorable acceptance by consumers, the new product has the advantage of lower transportation and handling costs than those involved in distributing milk on a fluid basis. For this reason it offers real incentive to development of markets in distant urban areas where fluid milk prices are high. Plans to begin processing of the product on a commercial scale are being launched by a large dairy marketing firm.

Improved methods devised for studying the biochemistry of cholesterol.—Cholesterol in animal and human diets has been suspected to be involved in certain blood vessel diseases. Cholesterol belongs to the group of complex compounds related to fats and known as sterols. Not long ago cholesterol and its immediate derivative, coprosterol, were the only sterols known to occur in the intestinal contents. Recently, biochemists at the Wisconsin station announced discovery of a new member of the sterol group. This was the sixth sterol to be found in the intestinal tract. A laboratory method was developed for producing it in sufficient quantity to be readily available for chemical tests. This research is aimed at getting refined methods for distinguishing between cholesterol and other closely related sterols in nutritional studies relating to animals and humans.

New field of biochemistry emerges.—The great abundance of carbohydrates (starches, cellulose, pectins, and other sugars) laid down in nature, their economic value, and the essential role they play in living organisms has stimulated attempts to discover how living cells build up and break down carbohydrates and the processes involved. Scientists of the California station, working with annual plants of the balsam family, have identified the part played by certain compounds in the manufacture of sugars within higher plants. One of these compounds, known as uridine diphospho glucose plays a prominent role in sucrose synthesis inside the plants. As a result of this research, scientists may soon have the complete answer to how compounds such as the zylans, arabans, cellulose, and pectins are manufactured in nature. This group of scientists was the first to isolate the nucleotide derivatives of xylose and arabinose in higher plants. Out of this basic research is emerging a new field of biochemistry, nucleotide derivatives, in which resides the secrets of the biosynthesis of several important biological compounds. This research will lead to a better understanding of the basic life processes that take place in plants and animals and hence, will contribute

greatly to agriculture and to the industries that produce and utilize these plant materials.

Regional dairy marketing research finds immediate use.—Farmers, dairy plant operators, and retailers of dairy products are finding immediate use for the results of cooperative regional research by 13 North Central States and several Department agencies. A milk assembly cost study in the Wichita, Kans., market was used to obtain substantial reductions in hauling charges, with estimated savings to farmers of about \$180,000 per year, and adjustments in route organization. Results of a South Dakota milk and cream study were widely used by creameries in the area in determining the feasibility of shifting to whole milk and in deciding what methods of operations to use. Regional research on expanding milk consumption in schools has had a part in the increase in milk consumption in Illinois schools from 16.6 quarts annually per student in 1954 to 28 quarts in 1957. Coordinated studies in progress of the handling of surplus milk in about 100 of the leading fluid milk markets in the region also will prove helpful to all segments of the dairy industry.

Good management cuts poultry production costs.—The challenge of intense competition in poultry farming is best met through using recommended management skills. The Michigan station, for example, found that the cost of raising pullets to maturity ranged from \$1.95 per bird to \$4.16, with the lowest cost on those farms where every recommended skill was put to work. The best management practice, when compared with the poorest, reduced the amount of feed used per bird by 21 pounds. The North Carolina station showed that production of hatching eggs per hen could be increased 24 percent by starting flocks in the July–September period rather than in April–June. In the production of market eggs, the Mississippi station learned that application of practices recommended to get a higher rate of lay and lower death losses resulted in triple increases for labor returns when compared with farms on which average levels of practices were being followed.

Costs lowered in field handling of citrus.—The Florida experiment station found that in orchards with a volume of about 200,000 boxes of citrus, reducing hand labor to a minimum can contribute materially to lower cost of handling citrus from tree into highway trucks. The tractor-basket method (in which a giant-size basket is operated on a hydraulic lift mounted on a tractor) showed a great advantage over hand handling of field boxes and a slight advantage over other mechanized methods. The cost of moving citrus from the tree into highway trailers by the tractor-basket method was 2.7 cents per field box, compared with 6.8 cents for the fieldbox hand-handling method. The tractor-basket method was lower than the other mechanized systems because of the ease of unloading. It is estimated that 25 percent of Florida processed citrus fruit over the 1954–55 season was handled by tractor basket at a saving of about \$267,000 to those who adopted this method.

Nonresidual herbicide cuts costs.—In the past year several stations reported success with the chemical monuron as a weedicide. It does not build up in the soil and poison it. The Delaware station used monuron at recommended rates on identical asparagus beds for 7 years without residue being carried over a single season. The California station at Riverside found monuron to be a safe weedicide in citrus orchards without doing damage to citrus trees. Single applications of monuron at the rate of 2 pounds per acre controlled annual weeds for periods of 3 to 6 months. Spring and fall applications at the rate of 2 pounds per acre each year will provide complete control indefinitely. Compared with cultural methods, monuron reduced weed control costs by about 50 percent, saving the grower about \$15 per acre per year.

Industrial gums made from corn starch.—The Minnesota station has established the structural specifications of naturally occurring, industrially important, plant gums that are imported at the present time in large amounts. Gum and resinlike products have now been made from corn starch by simple chemical modifications and it is believed that these discoveries will provide a new outlet for surplus crops of corn and other starch containing cereal grains.

Virus is cause of internal tomato browning.—A puzzling disorder of tomatoes at ripening time has plagued tomato growers in the eastern United States since 1946. The fruits of plants that are apparently healthy start browning internally and become worthless for eating and marketing. Outbreaks of this phenomenon have been spontaneous in tomato growing areas, sometimes causing financial losses running into thousands of dollars. The Pennsylvania station has established that the cause of this browning is a strain of tobacco mosaic virus. In-

fection seems to occur just as the first fruits begin to ripen. A concentration of virus then follows in the tomato fruits until some of the cells in the outer wall of the fruit are killed. The fruits are easily identified by a brownish discoloration radiating from the stem end. This is often followed by a corkiness in the walls.

Colloidal sediment linings save water.—The Colorado station installed several experimental linings using bentonite as a sealing agent in irrigation ditches. With bentonite, 7 miles of canal can be sealed for the same amount of money it takes to line 1 mile of canal with the cheapest kind of lining now in common use. Under the Colorado method, the bentonite is stirred into colloidal suspension by an air compressor and taken downstream by the flowing water. When it reaches the leaky pores and cracks of the canal bed and sides, these are sealed tight. Ordinarily the value of the water saved during the first year pays for the cost of the bentonite and labor. In one stretch of 12.5 miles of canal, money value of water saved in 1 year was \$79,500.

Another expression of the productivity of the State station program is indicated by the number of publications making the results of research available. In fiscal year 1959, for example, the stations published 950 technical and popular bulletins, nearly 7,700 popular and technical articles in journals and over 1,100 periodicals and pamphlets. Considering all publications covering research results, the stations prepared nearly 13 million copies for distribution to farmers and ranchers. The State stations thus have contributed greatly to the improvements in efficiency and quality of farm products that have been of benefit to all.

SUMMARY

We believe we are doing a good job in agricultural research in meeting the farm problems of the States and the Nation. The need to improve the efficiency of farming continues to be one of our biggest problems with the cost of items the farmer buys increasing while the price he obtains for products of the farm is on the average declining. Agricultural research has made possible our high standard of living, and the matter of improving quality of farm products continues to receive greater attention.

Basic research in all areas is receiving increasing emphasis. For example, problems in animal and plant breeding, control of weeds, insects and disease, and pesticides and knowledge regarding the proper use of chemicals on the farm require basic research. Historically, the State experiment stations have contributed much to basic research. While the research was initiated to find the answer to a practical problem of agriculture, the results in many cases have been of great benefit to human health and welfare. A recent review of all projects at the 53 agricultural experiment stations indicated that 22 percent of Federal-grant payments to State agricultural experiment stations support basic science.

While not a subject of this hearing, the physical facilities bill which was introduced as H.R. 9300 by Mr. Abernethy in this session is a matter of importance in that the lack of physical facilities is a limiting factor in research progress at many experiment stations. The experiment station directors were glad to note in the Congressional Record of the 1st session of the 86th Congress the discussion between Mr. Albert and Mr. Abernethy in which Mr. Abernethy indicated he believed the physical facilities bill has merit and Congress should do something about it.

THE FUTURE

The Legislative Subcommittee of the agricultural experiment stations as always feels gratified that your group continues to be genuinely concerned with the role of agricultural research in the welfare of the people of our great Nation.

We know you recognize the absolute necessity of research as the foundation for progress and even to maintaining the status quo.

The demands for expansion of research activities in the broad field of agriculture become more insistent each year. The effect of a single act such as passage and implementation of the Miller law is tremendous. The facilities of many State experiment stations will be taxed beyond the bursting point to provide the necessary data to answer questions, such as safe tolerance and the duration of residues of new as well as old agricultural chemicals. The decisions based on the answers to the many associated questions will affect not only producing farmers but every consumer of agricultural products—and I think that includes just about all of us.

We are sobered in our outlook as we pause to consider the implications of population expansion. Whether we think of it or not, the relentless fact exists

that every 11 seconds a new baby is born in this country. During this brief time we have been meeting here, on the order of 200 new Americans have joined our ranks. The research we do next year and the year after that will plan an important role in the kind of life they will be able to pursue in 1980.

The preceding statement has in brief form indicated what use has been made of increases in Federal-grant funds over the past 5 years. It has been pointed out that the increases in these funds in the last 3 years were inadequate to meet the essential salary increases for personnel engaged in the "going" program. This inadequate support of agricultural research at the State stations has occurred in a period when Congress has greatly expanded the total research effort of the Nation. Table 11 on the preceding page shows the Federal Government expenditures for research and development in the past 20 years.

I would like to direct your attention particularly to the figures for the last 3 years in table 11. During this period the total scientific research and development funds (col. B) were increased 94 percent. While as has been mentioned earlier, the Federal grants to State experiment stations increased only 6.9 percent during this same period. This is also reflected in the last column (D) of table 11 which shows agriculture's share of the Federal research dollar decreasing approximately 35 percent in this same 3-year period—1957 to 1960.

TABLE 11.—Federal Government trends in expenditures

[Millions of dollars]

Fiscal year	Total budget ¹	Total scientific research and development ¹	Agricultural research and development ²	Agriculture as percent of total research and development
	(A)	(B)	(C)	(D)
1940.....	9,062	74	30	40.5
1941.....	13,262	198	30	15.2
1942.....	34,046	280	31	11.1
1943.....	79,407	602	31	5.1
1944.....	95,059	1,377	32	2.3
1945.....	98,416	1,591	32	2.0
1946.....	60,448	918	33	3.6
1947.....	39,032	900	39	4.3
1948.....	33,069	855	47	5.5
1949.....	39,507	1,082	55	5.1
1950.....	39,617	1,083	59	5.4
1951.....	44,058	1,300	56	4.3
1952.....	65,408	1,816	57	3.1
1953.....	74,274	2,099	57	2.7
1954.....	67,772	2,084	59	2.8
1955.....	64,570	³ 2,926	71	2.4
1956.....	66,540	³ 3,275	83	2.5
1957.....	69,433	³ 3,856	103	2.6
1958.....	71,936	³ 4,470	113	2.5
1959 ⁴	80,697	³ 6,565	122	1.9
1960 ⁴	78,383	³ 7,489	124	1.7

¹ Federal funds for science (NSF-59-40).

² A RS 56(10)-2016.

³ Adjusted to include pay and allowances of military personnel and procurement funds which data were not available prior to 1955.

⁴ Estimates.

Agriculture is one field in which the United States indisputably leads the world. The future of agriculture is just as dependent on research today as is any other segment of the total economy. If adequately supported, agriculture research will continue to contribute to the sum of our knowledge on science, to the health of our people, and the Nation's economy. Thank you.

Mr. ABERNETHY. Please refer to the table on page 18. I want to be certain that we get this on the record. Did you intend to leave the impression that the Federal dollar allocated to research itself has been increased—did you not mean that the amount of the Federal dollar, that is, the percentage of the Federal dollar that has been allocated to agriculture has decreased?

Mr. FARRELL. That is right.

Mr. ABERNETHY. That, of course, is the result of the tremendous research into space rockets and ICBM's and so on, is it not?

Mr. FARRELL. That is right. In addition, I would think the tremendous increase that has been made to the National Science Foundation, Health, Education, and Welfare.

Mr. ABERNETHY. But even so, I agree with you, I think that we have been and still are pennywise and pound foolish in the support we have given agricultural research. Every member of this subcommittee, I am sure, agrees with me that for the past few years we have been trying to do something about it. Also, we feel that additional legislation is needed to get this program expanded. We have been trying to do something about it.

I thoroughly agree with you that the facilities for which you people are seeking, and which would be authorized in the bills introduced by Dr. Dixon and myself, are needed. I want to say that when we get this other matter out of the way that we have discussed—and I hope that we get it out of the way the next 2 or 3 months, or less, that we will meet again in this room and take up the facilities bill. As I have told you, I cannot do it until we conclude our activities on pending research legislation.

I am very grateful to you for this very fine statement. I think that you and your associates have given us some wonderful information. Your statement indicates that you have been most diligent, active, and dedicated to rendering a fine service. I want to congratulate and compliment each one of you.

Mr. FARRELL. Thank you very much.

Mr. ABERNETHY. There may be some questions by members of the committee.

Mr. DIXON. I endorse, also, what the chairman has said most heartily. I do not know where one will find more dedicated Americans than we find in our Extension Service and in our agricultural experiment stations. They are loyal to the program, even at great sacrifice to themselves personally. And I think that we ought to do everything we can to step up this program and give it the recognition that these gentlemen who have appeared here today show it merits.

Mr. FARRELL. Thank you for your words.

Mr. ABERNETHY. Are there questions?

Mrs. MAY. I would like to associate myself personally with those remarks made by the chairman. It is quite obvious that in the State of Washington from which I come that it is a very serious part of our economic future out there, in the Columbia River Basin area as well as in the wheat area, as well as in our fruit area, which depends on the very fine work that the agricultural experiment stations have done in the past, and what they will be able to do in the future. You may be sure that I join with the other members of this subcommittee in doing everything I can as a Member of Congress to help further your cause.

Mr. FARRELL. Thank you.

Mr. McINTIRE. I am not a member of this subcommittee, but I want to express my appreciation for the opportunity of being here, and for the fine statements that have been made. I appreciate having heard them, and to know of the efforts that you have made, and I assure

you of our support that we can give individually before the Appropriations Committee to advance your program.

Mr. ABERNETHY. I think it should be noted that you gentlemen concluded right on time.

May I say again as I did at the conclusion of the statements made by Dr. Nesuis and Mr. Ballard, that I think that this sort of hearing and review is a fine idea. Legislation comes out of this committee and becomes law. We seldom see those who are interested in it thereafter. Of course, you appear before the Appropriations Committees, as you should. Even so, this committee should follow up and check program results. I think so far as my own subcommittee is concerned I am going to make such hearings as this an annual affair. Therefore, we will be looking forward to seeing you again next year. Again my thanks to all of you gentlemen.

The subcommittee will stand adjourned.

(Whereupon, at 12 noon, the subcommittee adjourned, subject to the call of the Chair.)

AGRICULTURAL SERVICES FOR GUAM
FARMERS HOME ADMINISTRATION LOANS IN HAWAII

H.R. 9866 AND H.R. 10994

MARCH 29, 1960

AGRICULTURAL SERVICES FOR GUAM FARMERS HOME ADMINISTRATION LOANS IN HAWAII

TUESDAY, MARCH 29, 1960

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10:15 a.m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Gathings, Abernethy, Albert, Abbitt, Jones of Missouri, Hagen, Jennings, Matthews, McGovern, Breeding, Stubblefield, McSween, Hogan, Levering, Hoeven, Dague, Belcher, McIntire, Dixon, Smith of Kansas, Teague of California, Quie, Pirnie, and Latta.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; John Meimburger, counsel; and Francis M. LeMay, consultant.

The CHAIRMAN. The committee will please be in order.

We have two bills for consideration this morning. H.R. 9866, to establish Federal agricultural services to Guam, and H.R. 10994, to amend the Bankhead-Jones Farm Tenant Act, as amended, and title V of the Housing Act of 1949, as amended, et cetera.

These will be made a part of the record at this point.
(H.R. 9866 and H.R. 10994 are as follows:)

[H.R. 9866, 86th Cong., 2d sess.]

A BILL To establish Federal agricultural services to Guam, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to establish and maintain an agricultural program in Guam which will include such programs administered by the United States Department of Agriculture, hereinafter referred to as "Department", as are determined by the Secretary will promote the welfare of that Island. This authority may be exercised without regard to section 25(b) of the Organic Act of Guam (64 Stat. 390; 48 U.S.C. 1421c(b)), or any other provision of law under which Guam may have been excluded from such programs. The Secretary is authorized to provide for such modification of any such programs extended to Guam as he deems necessary in order to adapt it to the needs of Guam. The program authorized by this section shall be developed in cooperation with the Territorial Government of Guam and shall be covered by a memorandum of understanding agreed to by the Territorial Government and the Department. The Secretary may also utilize the agencies, facilities, and employees of the Department, and may cooperate with other public agencies and with private organizations and individuals in Guam and elsewhere.

SEC. 2. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act. The moneys appropriated in pursuance of this Act shall also be available for the purchase and rental of

land, the construction or acquisition of buildings, for the equipment and maintenance of such buildings, for the equipment and maintenance of such buildings, and such other expenditures as may be necessary to carry out the purposes of this Act. Sums appropriated in pursuance of this Act shall be in addition to, and not in substitution for, sums appropriated or otherwise made available to the Department, and may be allocated to such agencies of the Department as are concerned with the administration of the program in Guam.

[H.R. 10994, 86th Cong., 2d sess.]

A BILL To amend the Bankhead-Jones Farm Tenant Act, as amended, and title V of the Housing Act of 1949, as amended, so as to authorize the Secretary of Agriculture to make financial assistance available under such Acts to persons holding leasehold interests in lands in the State of Hawaii and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Bankhead-Jones Farm Tenant Act, as amended, is amended by adding at the end thereof the following new subsection:

"(d) For the purposes of this title and title IV of this Act, the terms 'owner', 'farm', and 'mortgage' shall be deemed to include, respectively, the lessee of, the land included in, and other security interest in, any leasehold interest in the State of Hawaii which the Secretary determines has an unexpired term for a sufficient period beyond the repayment period of the loan to provide (1) adequate security, and (2) reasonable probability of accomplishing the objectives for which the loan is made."

SEC. 2. Subsection (b) of section 501 of the Housing Act of 1949, as amended, is amended by inserting "(1)" immediately after "(b)", and by adding at the end thereof the following new paragraph:

"(2) For the purposes of this title, the terms 'owner', 'farm', and 'mortgage' shall be deemed to include, respectively, the lessee of, the land included in, and other security interest in, any leasehold interest in the State of Hawaii which the Secretary determines has an unexpired term for a period sufficiently beyond the repayment period of the loan to provide (1) adequate security, and (2) reasonable probability of accomplishing the objectives for which the loan or grant is made."

The CHAIRMAN. We will call first for consideration H.R. 10994, by our colleague, Mr. Inouye, of Hawaii. I understand that he had to attend another meeting. We will be glad to hear from you first.

STATEMENT OF HON. DANIEL K. INOUE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Mr. INOUE. Mr. Chairman and members of the committee, Hawaii with its 6,345 square miles of land is comparable in size to the State of Connecticut. It is a rapidly growing community and, because of its small size, the problem of land use and land availability becomes increasingly acute and has its direct effect upon everyone, including our farmers. Much of the land, to begin with, is unusable for industrial, agricultural, or civic purposes for the reason that much of it lies on the steep slopes of volcanic mountains or consists mostly of unproductive volcanic lands which contain very little humus and, therefore, is not conducive for agricultural purposes.

Ownership of 46 percent of all the lands in Hawaii is concentrated in the hands of 60 owners, and 12 owners control 30 percent of this total. Land which is arable is generally not for sale or can be purchased only at very high costs, and the large landowners are reluctant to sell for reasons not excluding tax losses to said owners. In many cases, however, leases are obtainable on farmlands at reasonable rates.

Remaining land areas are in the hands of the Federal, State, and county governments and small private owners.

The land situation, particularly in respect to the fee simple ownership, is most pronounced on the island of Oahu, where 79 percent of the State's population occupies less than 10 percent of the total land area. On Oahu most of the business buildings and a majority of the homes are on lease land. Some of the agricultural land is owned by the farmers and plantations who use them; some is leased. Statewide, this proportion is roughly 50-50.

With population growth, urbanization, and industrialization, land values are rising rapidly. Land formerly utilized for agriculture is being put to other uses. Farmers who are displaced are compelled to move, only to be advised of the nonavailability of fee simple land, or, if available, the prohibitive high costs for it. The alternative open to them is leasehold land.

In the past, leases given to farmers were of relatively short duration. However, this pattern has changed and most of the large landowners are now giving long-term leases in certain areas. Farmers who are being moved need financing to build homes, put up necessary farm buildings, clear land, and other land preparations. The type of credit needed for these farmers is long-term credit, such as that which is provided for under the Bankhead-Jones Farm Tenant Act, as amended, since they cannot be expected to do this real estate type development on short-term credit. Unfortunately, the benefits of the Bankhead-Jones Act are not made available to those farmers who are compelled by the circumstances existing in Hawaii to do their farming on lease lands.

The ownership of land in fee simple, as it is the purpose of the Bankhead-Jones Act to encourage, is certainly desirable, but the problem of land availability in Hawaii does not make this possible. Those who are not familiar with the local picture are not always quick to grasp the values of leasehold in Hawaii. They do not fully appreciate the extent to which leases are sold on the open market nor the prices which they bring. They can only see the situation in further entrenchment of a system which they do not approve.

The Federal Government, however, has taken cognizance of the situation existing in Hawaii. As, for example, the Federal Housing Administration has long recognized the problem of land shortage in Hawaii and the fact that leasehold ownership is in Hawaii to stay. Consequently, it has issued loans on long-term leasehold for homebuilding purposes, and in order to protect itself from losses has required certain conditions, such as that leases be of 50 years' minimum; that it provide for fixed rent for the term of the mortgage; that it be approved by the FHA; and that the rental rates be reasonable. Likewise, the Veterans' Administration has similarly given recognition to leasehold homeownership by allowing for loans on leasehold property.

The farmers on Hawaii, in their effort to till the soil, are yet to be given the assistance they so vitally need. H.R. 10994 is intended to correct this situation. If enacted into law, this bill would amend the Bankhead-Jones Farm Tenant Act and title V of the Housing Act of 1949, so as to authorize the Secretary of Agriculture to make

financial assistance available under such acts to persons holding leasehold interests in lands in the State of Hawaii. Thank you, Mr. Chairman.

The CHAIRMAN. We thank you very much for your well-prepared and representative statement. I should first like to ask you what percentage of the people of Hawaii actually own the land upon which they live?

Mr. INOUE. Well, as I stated, the extreme statistics show that 46 percent of all of the land in Hawaii is concentrated in the hands of 60 owners or corporations. So I would say, if I remember correctly, that less than one-half of the people own any land at all.

For example, I live on leasehold land at the present time.

The CHAIRMAN. For how long is your leasehold estate?

Mr. INOUE. My leasehold is for a term of 55 years.

The CHAIRMAN. Fifty-five years?

Mr. INOUE. Yes, sir.

The CHAIRMAN. The provisions of the Bankhead-Jones Act, if I will recall correctly, concerned itself with the acquisition of land in private ownership, and would not operate very extensively in the Hawaiian Islands. In other words, there is no land available there that could be purchased.

Mr. INOUE. The land could be purchased, but at high and very prohibitive prices, I would say.

The CHAIRMAN. That is not the provision of the act that you are interested in, but rather the loan operating act.

Mr. INOUE. Yes. The provision would apply to leasehold lands. At the present time, in order to encourage fee simple ownership this act provides that it apply only to fee simple land.

The CHAIRMAN. The Bankhead-Jones Act applies to the fee simple title of the land that is acquired for the purpose of homeownership. You do not contemplate the Government loaning money to an individual to build a home on leasehold land, do you?

Mr. INOUE. That is my hope, sir.

The CHAIRMAN. What is that?

Mr. INOUE. That is the hope that I have. The passage of this bill would provide Government assistance to those people with leasehold estates.

The CHAIRMAN. That is not compatible with the provisions of the present law, is it?

Mr. INOUE. It is not compatible with the present law, so the amendment would make it possible, sir.

The CHAIRMAN. Suppose that you have a man in Hawaii who has a 50-year lease and it has only 10 years to run—he has been on the land for 40 years—would you think it would be wise for the Government to make a loan to build a home on land upon which the lease would expire in 10 years?

Mr. INOUE. Under those circumstances, I would say that it would be very unwise.

The CHAIRMAN. What term of lease would be required?

Mr. INOUE. This amendment provides that the borrower would be able to furnish adequate security, and the possibility of making all repayments before the termination of the lease itself.

The CHAIRMAN. This is quite a departure from the original concept of the existing provisions of the Bankhead-Jones Act. In your bill you state:

(2) For the purposes of this title, the terms "owner," "farm," and "mortgage" shall be deemed to include, respectively, the lessee of, the land included in, and other security interest in, any leasehold interest in the State of Hawaii which the Secretary determines has an unexpired term for a period sufficiently beyond the repayment period of the loan to provide (1) adequate security, and (2) reasonable probability of accomplishing the objectives for which the loan or grant is made.

You do have that in your proposed legislation.

You, also, want the provision in the act extended to residents of Hawaii for operating loans, do you not?

Mr. INOUE. Yes, sir; Mr. Chairman.

The CHAIRMAN. Do you know whether we have a report from the Department or not?

Mr. HEIMBURGER. We have a favorable report.

The CHAIRMAN. A favorable report.

Mr. HEIMBURGER. Yes.

The CHAIRMAN. Do we have anyone here from the Department this morning?

Mr. HEIMBURGER. Yes.

The CHAIRMAN. We thank you very much for your statement.

Are there any questions?

Mr. McINTIRE. Yes. Taking a hypothetical case, let us assume this, whether it be residential property on a leasehold or farm property on a leasehold, and the loan is in default, what are the preliminary steps to be taken to recover under the law in Hawaii?

Mr. INOUE. Well, there is a valuation on the leasehold property, even with a short term remaining. That is the practice in Hawaii. This might come as a surprise to many of you, but to give you a concrete example, lease lands that were, say, leasing for \$180 a year or 2 years ago or 10 years ago, with 40 years remaining can now be sold—this leasehold—to others at a premium of over \$10,000.

Mr. McINTIRE. Let us assume that you have a leasehold on a residential property—that you are a leaseholder—and you were to get a loan to improve that property—and, perhaps, your leasehold at the moment is not such to provide for additional time to repay the loan, that is, to provide for sufficient time, and it goes into default. What is the usual practice in Hawaii as to the proceeding for recovery on that loan? You have real property on leased land. Is this house classified as real property or is it classified as other property?

Mr. INOUE. It is classified as real property.

Mr. McINTIRE. What opportunity does the lender have in the way of recovery—what legal steps can he take under the leasehold to recover his investment?

Mr. INOUE. He can attack the leasehold interest and sell the remaining term.

Mr. McINTIRE. He can sell the remaining term?

Mr. INOUE. Yes.

Mr. McINTIRE. Under the leasehold, can he, the lender, or does he as the lender have to go through legal steps, and if so, what necessary

steps does he have to go through to get operating management of his interest?

Mr. INOUE. He can take occupancy.

Mr. McINTIRE. And then he can sell it in the market, that is, his equity?

Mr. INOUE. We have found that there is a ready market for such lands, even with a short term remaining. For example, such as 10 years.

The CHAIRMAN. Do you have any provision in your proposal or in the lease as to releasing the property?

Mr. INOUE. In some of our leases, there is no restriction as to subleasing. In other leases there is a clause that provides that if you do wish to sublease you must have the approval, that is, the prior approval of the lessor.

The CHAIRMAN. Under a lease of that type, certainly, the Government would not be justified in making a loan to build a house upon property in such situation.

Mr. INOUE. The Veterans' Administration has so far refused to extend loans to leasehold land where there is such a restriction on the alienization.

The CHAIRMAN. You do not think that the Government would be justified in making a loan on land that has such a restriction on it, do you?

Mr. INOUE. Looking at it from the Government's viewpoint, I would agree with you, sir.

The CHAIRMAN. In other words, if you had restrictions on alienization or restrictions against releasing, or subleasing, and the borrower was to die, the holder of the fee simple title would take over possession of the real property, including all improvements, would he not?

Mr. INOUE. That is only one type of lease. Most of the leases available in Hawaii would give the lessee freedom of subleasing without any prior approval at all.

The CHAIRMAN. Are there not any lands available for subdivision and housing projects in Hawaii?

Mr. INOUE. We do have, sir, but as compared——

The CHAIRMAN. But there are not any for farmland?

Mr. INOUE. On farmlands, there is very little, sir. Most of our agricultural lands are concentrated in the sugar and pineapple enterprises.

This act, primarily, would assist the small farmers of Hawaii.

The CHAIRMAN. And most of them are farming on leased lands, is that right?

Mr. INOUE. I have no statistics before me, but I would safely say that over 50 percent are.

The CHAIRMAN. Thank you very much.

Mr. Smith, will you come forward, please.

Do you have a report from the Department here?

Mr. HEIMBURGER. Yes.

The CHAIRMAN. Do you have a prepared statement relating to this bill?

STATEMENT OF HENRY SMITH, FARMERS HOME ADMINISTRATION,
U.S. DEPARTMENT OF AGRICULTURE

Mr. SMITH. No, I do not have a prepared statement. I am prepared to respond to any questions.

The CHAIRMAN. We have a letter here from Mr. Morse, dated March 24, 1960, in which he says that the Department recommends that the bill be passed. We will let Mr. Heimbürger read this so that we will all know what it is.

Mr. HEIMBURGER (reading) :

This is in reply to your request of March 10 for a report on H.R. 10994, a bill to amend the Bankhead-Jones Farm Tenant Act, as amended, and title V of the Housing Act of 1949, as amended, so as to authorize the Secretary of Agriculture to make financial assistance available under such acts to persons holding leasehold interests in lands in the State of Hawaii and for other purposes.

The Department recommends that the bill be passed.

A substantial portion of the land in Hawaii is operated on the basis of leasehold agreements; consequently, the authorities in title I of the Bankhead-Jones Farm Tenant Act and title V of the Housing Act of 1949 to make loans to persons who are or will be farm owners are not applicable to many farmers in Hawaii. H.R. 10994 makes titles I and IV of the Bankhead-Jones Farm Tenant Act, as amended, and title V of the Housing Act of 1949, as amended, applicable to leasehold interests provided the borrower is able to furnish adequate security and there is reasonable probability of accomplishing the objectives for which the loan is made. This, we believe, would provide a satisfactory legal basis for making farm ownership and farm housing loans to qualified holders of leasehold interests in the State of Hawaii.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

The CHAIRMAN. Mr. Smith, how can the Department make an exception in regard to the State of Hawaii merely because, unfortunately, the land there is held by a few people?

Mr. SMITH. Mr. Chairman, we have found from experience that the requirements in the Bankhead-Jones Farm Tenant Act, title I, and the requirement in the National Housing Act, title V, which provide that loans are not available except to owners or people who will be owners after the loans are made, does not apply to a large percentage of the applicants in the Hawaiian Islands, because of the customary tenant pattern.

The CHAIRMAN. You mean, that under the Federal Housing Administration Act, they may go to individuals to build homes on property which is vested in other people.

Mr. SMITH. I have reference only to title V of the National Housing Act. That is the rural housing section.

The CHAIRMAN. You can loan money to an individual to build a house on property that is vested in some other person?

Mr. SMITH. I am making this point—no, sir—that under title V of the National Housing Act, the Farmers Home Administration cannot make loans to nonowners, but if this bill is enacted that is before the committee, we would have authority to make loans to construct buildings on farm property where the person applying for the loan held a leasehold right.

The CHAIRMAN. Do you know of any other agency of the Government that makes loans to individuals to build houses on property, the title of which property is not owned by that particular individual or corporation?

Mr. SMITH. Mr. Chairman, I am not prepared to say with respect to other lending organizations.

The CHAIRMAN. What about your Administration?

Mr. SMITH. I am not prepared to say what the Federal Housing Administration, generally, can do in making loans on leaseholds. We think that if this bill is enacted that we can satisfactorily make loans in the State of Hawaii on leasehold properties.

Mr. POAGE. Will you yield?

The CHAIRMAN. Yes.

Mr. POAGE. If so, why can you not do it all over the United States? There are leasehold properties in every State in the United States.

Mr. SMITH. Yes.

Mr. POAGE. Why should the same rule not apply everywhere? It may be that it is much more important in Hawaii than in some other State, but if it can be done in Hawaii, why can it not be done in the State of Missouri and other States, for example?

Mr. SMITH. I think that is a good point. If it can be done in Hawaii, I, certainly, feel that it could be done in other States in the Nation.

The CHAIRMAN. What incentive would the borrower have to protect and to maintain the property in good repair if he knew that the year after next the lease would be defaulted and his rights would end?

Mr. SMITH. What we have reference to here is that if we make a loan to a person that has a leasehold right to a tract of land in Hawaii, and our loan runs for 40 years, we would, probably, require that the lease be over a term of years, probably 50 years or longer.

The CHAIRMAN. You want the Federal Government to be protected for 50 to 65 years by somebody who is dead before that term?

Mr. SMITH. Our loans would not exceed 40 years.

The CHAIRMAN. Here is a man 45 years old who wants to make a loan. You make him a loan. It will only run for 40 years. He will be 85 years old before the loan matures. And when he dies and the lease expires, the man who owns the real property takes over.

Mr. SMITH. Mr. Chairman, if the lease is of a long enough tenure and has the——

The CHAIRMAN. Are you advocating that the Federal Government make individual loans for a period of 50 to 65 years?

Mr. SMITH. I am not advocating that at all.

The CHAIRMAN. But you will require the borrower to have a 50- or 65-year lease, and you are going to make him a 40-year loan?

Mr. SMITH. The only point in issue is whether or not the Department of Agriculture can make satisfactory loans to develop farms under the Bankhead-Jones Farm Tenant Act to persons holding long-term leases.

The CHAIRMAN. Why not make the loan to the man who owns the real property and let him improve it.

Mr. SMITH. He is not the occupant of the farm and he is not going to cultivate or manage the farm.

The CHAIRMAN. I do not mean to say anything which might be felt to be intruding into the affairs of another State, but do you not think that you ought to have some sort of land reform so that the person could acquire that land?

Mr. SMITH. We have made, approximately, 150 loans under title I of the Bankhead-Jones Act in the State of Hawaii in the last 5 or 6 years, totaling a little over \$31½ million, but they were to applicant who had fee simple title.

We have had to reject up to now applications from farmers in Hawaii who had long-term leases, instead of fee simple title.

The CHAIRMAN. You have had applications?

Mr. SMITH. Yes, sir; we have had. We have rejected them up to date.

The CHAIRMAN. You had to reject them?

Mr. SMITH. Yes, sir.

The CHAIRMAN. You have to reject them in every other State in the Union; do you not?

Mr. SMITH. That is right.

There is a larger number in the Hawaiian Islands. My only point is that we think in the Department that we can satisfactorily secure these loans for the Government and it will render a good service to the farmers.

The CHAIRMAN. You can render the same service in Puerto Rico and in Texas and other places.

Mr. SMITH. Yes, sir; if the same lease arrangements were present under the same type of leases.

The CHAIRMAN. The law hereafter would not favor fee simple ownership as the law has traditionally through all of the years in the past.

Mr. SMITH. We have only found this problem prevalent, Mr. Chairman, to any extent in the Hawaiian Islands—in the State of Hawaii.

The CHAIRMAN. Mr. Hoeven.

Mr. HOEVEN. Would you recommend that this exception be made applicable to the entire United States?

Mr. SMITH. We have not found any need for it; no, sir.

Mr. HOEVEN. So this is an exception?

Mr. SMITH. Yes, sir.

Mr. HOEVEN. You know very well that under this type of program the Government underwrites the loans and that you are enhancing the value of the real estate involved.

Mr. SMITH. Yes.

Mr. HOEVEN. I imagine that every real estate owner in Hawaii would be very happy to have the bill enacted into law. Their land would be improved and enhanced in value without the landlord investing a single dollar of his own.

Mr. SMITH. It would be according to the terms of the lease, Mr. Hoeven, as to whether the person who owns the fee simple title to a property, or the person who owns the leasehold rights would acquire the value of the improvements put on the property.

Mr. HOEVEN. I am somewhat surprised that the Department of Agriculture approved this type of bill.

Mr. ABBITT. Who owns the improvements?

Mr. SMITH. The lease could provide that the lessee would have to be paid for the residual value of any improvements put on the property.

Mr. ABBITT. Is the lease to provide that?

Mr. SMITH. Yes, sir. They can or cannot, according to how the parties contract.

Mr. ABBITT. But as a rule, does it provide that?

Mr. SMITH. Yes, sir; I think that they do.

The CHAIRMAN. Do you know of any Government agencies making loans under such circumstances as you propose that we authorize here?

Mr. SMITH. We have done that in our program—in our operating loan program, where we advance small amounts, \$1,000 and \$1,500, for certain real estate improvements. And the lease did not run for but 4 or 5 years, while the improvement would last for a longer period. The lease could provide that the owner would repay the lessee for the residual value of the improvement.

The CHAIRMAN. You are telling me now that you have been making loans to build permanent fixtures on real estate the title of which is owned by somebody else than the borrower?

Mr. SMITH. We have done that.

The CHAIRMAN. Under what authority of law have you made such loans?

Mr. SMITH. Under our soil and water loan provision we are not restricted to making the loans to the owners of lands.

The CHAIRMAN. I am talking about under the Bankhead-Jones Act, the law we have under consideration.

Mr. SMITH. Under title II, the operating loan provision.

Mr. Chairman, we have, over the years, advanced nominal amounts for real estate improvement.

The CHAIRMAN. I am not talking about the amounts. I am talking about the idea of placing a permanent fixture upon real property, the title of which is vested in somebody else other than the borrower—what authority under the Bankhead-Jones law do you have to make such a loan?

Mr. SMITH. The title II loan, we can advance money for that purpose; yes, sir.

The CHAIRMAN. Title II authorizes you to loan money to a man to build a house on somebody else's land?

Mr. SMITH. Not a house. I have reference to other types of improvement.

The CHAIRMAN. What kind of improvement? Any improvement that is affixed to the real property becomes a part of the real property; does it not?

Mr. SMITH. Mr. Chairman, under title II we do advance, under our regulations, funds up to \$1,000 for certain improvement to the realty. Some of it goes into fencing and things of that character that may last longer than the terms of the loan. If the applicant is a tenant, there usually are provisions in the lease whereby the tenant would be paid the residual value of the improvement. That is the customary practice in some of these areas for that to take place.

The CHAIRMAN. What else do you loan for except fencing?

Mr. SMITH. For permanent pasture improvement.

Sometimes it is building repairs, where the repairs are not extensive, but they do run up to \$1,000 or so.

The CHAIRMAN. Somebody else's house?

Mr. SMITH. Yes.

The CHAIRMAN. Are there any further questions, Mr. Teague?

Mr. TEAGUE of California. We do have a situation in California which is, perhaps, somewhat comparable, although it does not involve Government loans. I do not think it is a good idea, so far as the Government is concerned.

Stanford University, under the terms of the will by which it acquired certain property, cannot under the terms of the will sell any of the large real estate holdings that they hold in fee simple. So they have undertaken a program of long-term leases to some of the big department stores, which have built great big stores worth several million dollars which have been built on a long-term lease provision. Insurance companies have advanced the money.

I think that it is not entirely comparable with this proposal which I had never heard of until today, but it is not entirely novel.

Mr. POAGE. Will you yield?

Mr. TEAGUE of California. Yes.

Mr. POAGE. In the Northern Territory of Australia, the land belongs to the Commonwealth. There is no fee simple title in the territory.

The CHAIRMAN. The same way in Russia.

Mr. POAGE. There is not any fee simple title in the Northern Territory. The title is vested in the Commonwealth in the Northern Territory and in the various states title is often vested in the states. Each has its own method of term leasing land. In the Queensland it is for 28 years. And in the Northern Territory it is for 50 years. There are various lease arrangements. I do not think that anybody can get fee simple title in some of those states. The only way is through the leasehold arrangement.

There are loans made on the properties. I am not suggesting that we should adopt such a policy. I think it is an unfortunate thing. But it is not a thing that is unheard of over the world.

The CHAIRMAN. They have 99-year leases in some states.

Mr. BELCHER. It is my understanding that in Hot Springs, Ark., nobody owns a single foot of this city, the buildings on main street and everything else are built on a lease from the U.S. Government. I may be in error on that. The Government makes 99 year leases. They get a loan and erect a big building with all of the different improvements. They operate on that basis. And from the standpoint of security, if you have a 99-year lease and build a building that lasts for 40 years, what difference does it make who owns the title?

The Government loans money on something that it can take adequate security for; and if there is adequate security and the lease is long enough, it completely outlasts the loan.

The CHAIRMAN. You are going away from the fundamental philosophy of the Bankhead-Jones Act which was, to wit, to encourage homeownership, and not leasehold estates. Nobody thought about leasehold estates being involved in the long-term loans in the Bankhead-Jones Act, that is in the original purpose of it.

Mr. BELCHER. It was a great departure in the Federal Government getting into the banking business, like the Federal Housing Administration. All of these things are big departures.

The CHAIRMAN. Mr. Latta.

Mr. LATTA. I would like to get back to this illustration that you gave on the Government presently loaning money to build fences. You said that they could sell the residue of the improvement. Who has to pay for it?

Mr. SMITH. The landowner.

Mr. LATTA. The landowner. Does he originally agree to that, that he will pay for that?

Mr. SMITH. According to the terms of the lease between the two parties.

Mr. LATTA. Would that also hold true under this bill before us?

Mr. SMITH. I made the point that the leases could provide for the landowner to do that.

Mr. LATTA. I think that is a point of difference. I think that, perhaps, might answer the objections which some people have to it that the landowner himself would enter into the proposition along with the tenant.

Mr. SMITH. The only point at issue here is that under the Bankhead-Jones Act the Farmers Home Administration is making loans to buy land, to acquire, and in addition is making loans to present landowners for the further development of farmland including the construction of necessary buildings.

The question here is whether the Department of Agriculture can make satisfactory loans to farmers who have long-term leases on farms as well as to farmers who have fee simple title to the land. We will see that the lease has the proper provision to satisfactorily safeguard the Government loan. That is the only reason why a favorable report was made on the bill.

The CHAIRMAN. Do you want to make a further statement?

Mr. INOUE. If I may, Mr. Chairman, I would just like to reiterate once again that the Federal Housing Administration which I believe has similar objectives to the Bankhead-Jones Act, has recognized the problem on the island of Oahu, where the city of Honolulu is located, and insures loans on long-term leased lands.

Some of the provisions that the FHA has taken to protect the Government against loss are, (1) leases are for a 50-year minimum; (2) leases must be provided for a fixed rent for the term of the mortgage; (3) the FHA must approve the lease form; and, the rental rates must be reasonable.

Furthermore, the Veterans' Administration provides for veteran home loans on leasehold property in the State of Hawaii. Until April 7 of last year the Veterans' Administration required the leases to be freely assignable and transferable. But after 14 years of effort in Hawaii on the part of the local Veterans' Administration officials this restriction has been removed and the Veterans' Administration now allows for loans on leasehold property with leases which are not assignable and transferable freely. At the present time the Government is making loans on leasehold property.

The CHAIRMAN. That is under the Federal housing. This law was passed to assist people who could not obtain and secure land. If a

man applies for an operating loan or a loan from the Farmers Home Administration he must be able to satisfy the loan committee that he is unable to obtain adequate credit otherwise. This applies primarily to poor people who want to become homeowners, not lessees and the like.

Mr. INOUE. I understand that, Mr. Chairman, but I realize that it is very difficult to realize the very unique situation we have in Hawaii where landownership is concentrated in the hands of a very few.

As indicated by the chairman the people in Hawaii have made several attempts to have, as you say, land reform. At the present time the legislature is working on it in Hawaii. But this is a very difficult problem that we have been living with for many decades. And I have no idea when this land reform will come about.

The CHAIRMAN. How many loans have you made in Hawaii for homeownership purposes?

Mr. SMITH. We have made approximately 150 farmownership loans, Mr. Chairman. But I cannot say that all of those were for the purchase of farms. Some of those loans were to people who already owned the farm and the loan was for the further development of the farm unit. We have made since 1954 approximately 150 farmownership loans. I do not have the breakdown on that, sir.

The CHAIRMAN. Are there any further questions? If not, we thank you gentlemen very much for your appearance here this morning.

Mr. McINTIRE. I have a letter here which I would like to have consent to put into the record at this point.

The CHAIRMAN. Without objection that letter will go into the record at this point and, also, the report from the Department of Agriculture, received from Mr. Morse.

The letter dated March 2, 1960, addressed to the Honorable Clifford G. McIntire, and the letter dated March 24, 1960, addressed to the Honorable Harold D. Cooley are as follows:)

MARCH 2, 1960.

HON. CLIFFORD G. McINTIRE,
House of Representatives.

DEAR CONGRESSMAN McINTIRE: In response to your request through Mr. Henry Smith, Deputy Administrator of the Farmers Home Administration, there is enclosed a copy of S. 2891 which would amend the Bankhead-Jones Farm Tenant Act and title V of the Housing Act of 1949, as amended, so as to permit real estate improvement loans by the Farmers Home Administration to be made to the lessees of long-term leases in Hawaii. Should S. 2891 be enacted before H.R. 7628, it is questionable whether the objectives of the Senate bill could be carried out under H.R. 7628. To accomplish this purpose, section 33 of H.R. 7628 might be amended by inserting the letter "(a)" after "Sec. 33" and by adding at the end thereof the following new subsection (b):

"(b) For the purposes of this Act the terms 'owner-operator,' 'farm,' and 'mortgage' shall be deemed to include, respectively, the lessee of, the land included in, and other security interests in, any leasehold interest in the State of Hawaii which the Secretary determines has an unexpired term for a sufficient period beyond the repayment period of the loan to provide (1) adequate security, and (2) reasonable probability of accomplishing the objectives for which the loan is made."

We are informed that there are now outstanding only 303 real estate improvement loans made under the Bankhead-Jones Farm Tenant Act, the Housing Act of 1949, as amended, and the Water Facilities Act, as amended, in the State of Hawaii. A high percentage of the land of the State suitable for agricultural purposes is held either in private trusts or in public ownership with restrictions on disposition thereof. The limited land area and the pressure of population has led the State to adopt a land policy which is designed to avoid large

concentrations of land in the hands of those who might exploit the land and the citizens of the State engaged in agricultural pursuits.

As exhibited by the laws of the State, this policy results in the prevailing practice of leasing adequate farm units for long periods of time to the operators of the farm units. Except for this legal distinction in the manner in which land titles are customarily held, it appears that real estate improvement loans could be made in Hawaii on a basis not incompatible with those made in the other States under existing law or under title I of H.R. 7628, if amended as proposed.

Sincerely yours,

FRANK A. BARRETT,
General Counsel.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 24, 1960.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of March 10 for a report on H.R. 10994, a bill to amend the Bankhead-Jones Farm Tenant Act, as amended, and title V of the Housing Act of 1949, as amended, so as to authorize the Secretary of Agriculture to make financial assistance available under such acts to persons holding leasehold interests in lands in the State of Hawaii and for other purposes.

The Department recommends that the bill be passed.

A substantial portion of the land in Hawaii is operated on the basis of leasehold agreements; consequently, the authorities in title I of the Bankhead-Jones Farm Tenant Act and title V of the Housing Act of 1949 to make loans to persons who are or will be farmowners are not applicable to many farmers in Hawaii. H.R. 10994 makes titles I and IV of the Bankhead-Jones Farm Tenant Act, as amended, and title V of the Housing Act of 1949, as amended, applicable to leasehold interests provided the borrower is able to furnish adequate security and there is reasonable probability of accomplishing the objectives for which the loan is made. This, we believe, would provide a satisfactory legal basis for making farm ownership and farm housing loans to qualified holders of leasehold interests in the State of Hawaii.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

The CHAIRMAN. We will consider H.R. 9866, which is a bill to establish Federal agricultural services to Guam, and for other purposes.

We have with us Dr. E. C. Elting, Deputy Administrator of the Agricultural Research Service. Will you come forward, please, and if you have anyone with you, they may sit with you.

Will you tell us about this proposal and give us the views of the Department on it?

STATEMENT OF DR. E. C. ELTING, DEPUTY ADMINISTRATOR, AGRICULTURAL RESEARCH SERVICE; ACCOMPANIED BY DR. D. V. LUMSDEN, DIRECTOR, TERRITORIAL EXPERIMENT STATIONS DIVISION, AGRICULTURAL RESEARCH SERVICE; AND NATHAN KOENIG, SPECIAL ASSISTANT TO THE ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Dr. ELTING. I will be glad to, Mr. Chairman. I am E. C. Elting, Deputy Administrator of the Agricultural Research Service.

Mr. Chairman and members of the committee, we are pleased to discuss with you H. R. 9866 which would authorize the establishment

of Federal agricultural services in Guam. The Department sent draft legislation to the committee, together with a recommendation, on November 20, 1959, that it favored its enactment. This draft legislation subsequently became H. R. 9866.

The bill would authorize the Secretary of Agriculture to establish and maintain an agricultural program in Guam and would include such programs administered by the Department as are determined by the Secretary to promote the welfare of that island. All programs authorized under the bill would be developed in cooperation with the territorial government of Guam and covered by a memorandum of understanding agreed to by that government and the Department. The bill would, among other things, authorize an appropriation of funds to carry out the purposes of the bill.

This bill is based on the recommendations embodied in a report of a survey group which the Department sent to Guam at the request of the Department of the Interior in 1956 to study the agricultural needs of the island. Mr. Chairman, we have copies of this report for the committee and would appreciate having it made a part of the record at the conclusion of my statement.

The CHAIRMAN. How long is the report? We will not make it a part of the record, but leave some copies with the clerk. We will have them here and available to all members who would like to scan the reports. It will be made a part of the files of this committee.

(The document referred to will be found in the files of the committee.)

Dr. ELTING. Yes, sir. We will be glad to have that done. I may add that two members of that survey group are present this morning available for questioning if desired.

The island of Guam, an unincorporated territory of the United States, is the southernmost part of the Marianas Archipelago. It is about 5,200 miles from San Francisco, 3,300 miles from Honolulu, 1,500 miles from Manila, 1,300 miles from Yokohama, and in the same latitude as Guatemala. The island is about 30 miles long and its width is from 4 to 8 miles, comprising 225 square miles of area. About one-sixth of this area, approximately 25,000 acres, is designated as farmland. On Guam there are 2,262 farms according to the 1950 Agricultural Census. The local department of agriculture, however, reported in 1956 that there are less than 700 full-time farmers. In 1958 this number was reported as 548. The number is variable due to the fluctuating nature of off-farm employment by farmers and the criteria used in enumerating those engaged in agricultural pursuits.

HISTORICAL BACKGROUND

Guam was ceded to the United States under the terms of the Treaty of Paris following the Spanish-American War. Since then it has been under the jurisdiction of the United States except for the period when it was occupied by the Japanese, from December 1941 until July 1944. The U.S. Department of Agriculture operated a small research program on the island from 1908 until 1932 when it was discontinued. The local government on Guam has carried on some agricultural service activities since 1932, except for the period of Japanese occupation.

The organic act of August 1, 1950, transferred jurisdiction of the civilian affairs of Guam from the Department of the Navy to the Department of the Interior. This act also provided for a commission to study the applicability of Federal statutes to Guam. The recommendations of this Commission were incorporated in a bill (H.R. 6254, 84th Cong.). The U.S. Department of Agriculture, in commenting on that pending bill, stated:

Although we agree with the objectives of the bill, the Department recommends against enactment of the proposed legislation in its present form. Excessive costs and difficult administrative problems would be involved in extending to Guam these laws, which were designed for application to large agricultural areas. Moreover, there may be special needs in Guam which would not be adequately covered by these general laws. It would appear that a small agricultural staff, specializing on the peculiar needs of Guam, could better meet the needs of that island.

Subsequent to this recommendation by the U.S. Department of Agriculture the provisions of the legislation relating to extending agricultural authorizations to Guam were deleted from the bill.

I think it is important, if I may depart from the prepared statement, to realize that the draft of the bill before us encompasses essentially the recommendations that were contained in the 1954 report; that is, rather than extending many of the major authorizations of the Department to Guam, which we believe would involve an expensive straight line administration of the several different services that might be involved, with regard to the relatively small agricultural potential of the island, that it could be better served by a simple authorization of the type provided in the bill. And, certainly, at a much lower administrative cost.

In October 1956 the U.S. Department of Agriculture, at the request of the Department of the Interior, sent a survey group of five to Guam to study the agricultural needs of Guam and the scope of its own territorial department of agriculture. This group in March 1958 issued a report entitled, "The Agricultural Needs of Guam, Marianas Islands." The report includes the following:

The Guam survey group recommends that:

1. Federal agricultural services be extended to Guam. In planning the extension of these services due regard should be given to: The status of the people on the island, their economy, and stage of rural development; the strategic importance of the island to the United States; and the Federal funds presently appropriated to the States and to other territories of the United States for the furtherance of their agricultural pursuits.

2. Legislation be enacted to authorize the Secretary of Agriculture:
(a) To establish and maintain a joint agricultural program on Guam that will promote the welfare of that island; (b) To utilize any authority available to him to such extent as he may determine necessary to meet the agricultural program needs of Guam, without the necessity of amending existing laws specifically extending them to this island; and (c) In developing and carrying out such agricultural program to utilize the agencies, facilities, employees, and other resources of the Department of Agriculture as he may determine, and to cooperate with the government of Guam and other public and private organizations and individuals on Guam and elsewhere.

3. The Agricultural Research Service, or such other agency as the Secretary may designate, be given the primary responsibility insofar as the Department is concerned, for the planning, development, and general administration of the agricultural program for Guam.

4. The Secretary appoint a standing advisory committee with one representative each from the Agricultural Research Service, Federal Extension Service, Agricultural Marketing Service, Soil Conservation Service, and Farmers Home Administration. The duties of this committee should be: To advise in the planning of the program, to enlist the support of the respective agencies of committee members in the program's development and implementation; and to review and evaluate the progress of the program.

5. Provision be made for any other agencies of the Department to participate with the advisory committee whenever necessary in dealing with specific problems with which they may be concerned directly.

6. The working relationships between the U.S. Department of Agriculture and the Guam Department of Agriculture be covered in a suitable memorandum of understanding. The objective should be to strengthen and to improve the Guam Department of Agriculture so that it may have eventually the kind of organization and staff competence required to provide the services in agriculture, home economics, and rural life needed by the people on this island.

7. The U.S. Department of Agriculture's principal contribution initially be in the form of supplying to the Guam Department of Agriculture technical assistance for effective organization and appropriate training of its staff. Such technical assistance is needed in the fields of agronomy, soil and water conservation, livestock and poultry, horticulture, marketing, general research and extension work in agriculture, home economics, 4-H Club work, and other rural development. The specialists supplied by USDA should in effect constitute a technical assistance team that would be associated with the Guam Department of Agriculture until such time as the objectives are accomplished.

NEED FOR AN AGRICULTURAL PROGRAM

The impelling need for a strengthened agricultural program stems from the chaotic condition of Guam's agriculture in the last 20 years. Feverish defense activities just prior to World War II followed by Japanese occupation and then further postwar defense operations have drawn Guamanians away from the isolated agrarian life they led prior to 1939. They now find themselves increasingly dependent on the land for a livelihood as defense work diminishes. In these 20 years of chaos and change they have experienced modern management operations and they desire to operate on this higher but more complex level of achievement in their efforts to make a living from agricultural pursuits.

They have had very little experience, however, in modern farming which is remote from their primitive and modest subsistence farming of 20 years ago. Today they are aware of opportunities to raise and to market agricultural products for Guam's extensive armed forces installations embracing large numbers of military personnel

and civilians from the continental United States. They lack, however, the training and experience to take advantage of their potential agricultural markets. They have no land-grant college to teach agricultural methods, and, consequently, have no experiment station and no extension service with Federal support, nor most of the other services of the USDA available to farmers in the States.

Technical assistance is the primary need to further develop the agriculture of Guam. It is believed that this assistance can best be rendered by a small staff working cooperatively with the Guam Department of Agriculture. Technical help is needed in the fields of agronomy, soil and water conservation, livestock and poultry, horticulture, marketing, home economics, 4-H Club work, and other rural development.

PROPOSED PLAN OF ACTION

An agricultural program, including research and extension activities, is contemplated to be established on Guam under an agreement acceptable to the U.S. Departments of Agriculture and the Interior and the applicable components of the territorial government.

The Federal Department of Agriculture's main contribution at the start would be in the form of supplying to the Guam Department of Agriculture technical assistance in specified fields of work and appropriate training to its staff. Program activities would be conducted under the local leadership of one of the Federal staff members. Under such an arrangement this local leader would have a joint assignment for all program activities and would be considered as the administrative representative of the U.S. Department of Agriculture in matters involving activities on Guam.

In the initial phases the work could involve the adaptation of existing extension procedures and known research and marketing facts to the agricultural problems of Guam. Major efforts could be directed to problems associated with soil and water conservation. In crop and livestock production attention could be directed toward determining the value of superior varieties and breeds and management practices under the tropical conditions of Guam.

It is proposed that this program be developed and conducted so that the technical assistance and training afforded by the Federal Department of Agriculture would supplement and strengthen the functions of the Guam Department.

Physical facilities to carry out the work herein provided would be arranged for in the agreement between the Federal and Territorial Departments of Agriculture to provide for an efficient operation in which such facilities would be complementary and thus avoid duplication.

The plan of action just outlined is based on the findings of the survey group that visited Guam in October 1956. The local Guam government since receiving the report has indicated progress in implementing recommendations contained therein.

Ex-Governor Lowe in a letter dated May 7, 1959, to the Director, Office of Territories, Department of the Interior, reported that considerable progress had been made in improving the program of the Guam Department of Agriculture. He stated that there is a very urgent need for technical assistance in an expanded soil and water conservation program with an integrated program of research, demon-

stration, and education. He stated further that assistance is desirable in the field of animal nutrition, feeds and forages to supplement the soil and water conservation program. He reported progress in extension, statistics, marketing, cooperatives, poultry, plant and animal pest control, and 4-H Club activities. He also mentioned plans for strengthening home economics and work with home demonstration agents.

It is encouraging to note that advances have been made in these fields. The progress in the last 2 years points out the importance of working closely with the agencies of the Guam Government in any agricultural activities that may be undertaken under this proposed legislation.

The CHAIRMAN. Thank you very much for your statement.

At this point, without objection, I will insert in the record a report from the Department of Agriculture, dated November 20, 1959 on this subject.

(The letter dated November 20, 1959, is as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., November 20, 1959.

HON. HAROLD D. COOLEY,
*Committee on Agriculture,
House of Representatives*

DEAR CONGRESSMAN COOLEY: This is in reply to your letter of May 20, 1959, requesting a draft of legislation embodying the recommendations contained in the Department's report on the "agricultural needs of Guam."

This Department favors the enactment of the proposed legislation.

The bill would authorize the Secretary of Agriculture to establish and maintain an agricultural program in Guam and would include such programs administered by the Department as are determined by the Secretary to promote the welfare of that island. All programs authorized under the bill would be developed in cooperation with the Territorial Government of Guam and covered by a memorandum of understanding agreed to by that Government and the Department. It would, among other things, authorize an appropriation of funds to carry out the purposes of the bill. We are enclosing a copy of the draft bill.

On April 4, 1956, in a report on the agricultural phases of a pending bill (H.R. 6254, 84th Cong.) to the chairman, Committee on Interior and Insular Affairs, House of Representatives, the Acting Secretary of Agriculture stated: "Although we agree with the objectives of the bill, this Department recommends against enactment of the proposed legislation in its present form. Excessive costs and difficult administrative problems would be involved in extending to Guam these laws, which were designed for application to large agricultural areas. Moreover, there may be special needs in Guam which would not be adequately covered by these general laws. It would appear that a small agricultural staff, specializing on the peculiar needs of Guam could better meet the needs of that island."

In October of 1956 this Department, at the request of the Department of the Interior, sent a survey group to study the agricultural needs of Guam. Their report was issued in March of 1958. The proposed legislation would carry out the recommendations of the study group.

Technical assistance is the primary need to further develop the agriculture of Guam. This assistance could best be rendered by a small staff working cooperatively with the Guam Department of Agriculture. Technical help is needed in the fields of agronomy, soil and water conservation, livestock and poultry, horticulture, marketing, home economics, 4-H Club work and other rural development.

All laws to be extended to Guam would be at the discretion of the Secretary of Agriculture. Any program initiated under this authorization shall be in cooperation with the Territorial Government of Guam and shall be covered by a memorandum of understanding agreed to by the Territorial Government and the Department. This would insure that the full potential of the local government in the solution of its agricultural problems would be brought to bear and that there would be effective coordination of local and Federal interests in program development.

Program activities would be conducted under the local leadership of a single Federal staff member. Under such an arrangement this local leader would have a joint assignment for all program activities and would be considered as the administrative representative of the U.S. Department of Agriculture in matters involving agricultural activities on Guam.

In the initial phases the work could involve the adaptation of existing extension procedures and known research and marketing facts to the agricultural problems of Guam. Major efforts could be directed to problems associated with soil and water conservation. In crop and livestock production attention could be directed toward determining the value of superior varieties and breeds and management practices under the tropical conditions of Guam.

It is proposed that this program be developed and conducted so that the technical assistance and training afforded by the Federal Department of Agriculture would supplement and strengthen the functions of the Guam Department.

Physical facilities to carry out the work would be arranged for in the agreement between the Federal and Territorial Departments of Agriculture to provide for an efficient operation in which such facilities would be complementary and thus avoid duplication. No extensive capital outlay for facilities will be needed.

Since this program, by law, would have to be planned and conducted in cooperation with the Government of Guam, it is not feasible to develop a specific budget for this program on the basis of current knowledge of needs and the ability of the local government to contribute to the total program need. We envision that the requirement for a recurring annual Federal operating budget would rarely exceed \$100,000 per annum based on the total agricultural potential of the island. The possible need for extending direct benefit payments to farmers, such as for agricultural conservation practices and conservation reserves, or for credit for production needs and for the purchase of farms cannot be projected on the basis of current information.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

The CHAIRMAN. How many farms did you say there are now on the island?

Dr. ELTING. I suspect that by our definition the number might be lower than the 548.

The CHAIRMAN. This legislation as proposed is to provide certain services on the Island of Guam. I am not complaining about the recommendations you have submitted. I asked the Department some time back to give us a report on the agricultural needs of Guam.

This legislation, though, seems to me to be very comprehensive and the program contemplated would prove to be very very expensive.

I am wondering why all of these services mentioned here could not be provided to the people of Guam out of the Hawaiian area. If we pass this legislation it would indicate to me that we would send out a team of agronomists, specialists in soil and water conservation, specialists in livestock and poultry raising, horticultural specialists, research specialists, specialists in home economics, and specialists in 4-H clubs, and every conceivable Government activity.

How far are we from Guam, about 5,000 miles?

Dr. ELTING. Yes, sir; I believe that is true from San Francisco. It is over 8,000 miles from Washington.

The CHAIRMAN. Under this proposal we would have the Secretary sending out teams from Washington 8,000 miles to tell somebody out there how to raise chickens, to work with the 548 farmers. It seems to me that this program will be too expensive and the distance too great and we could certainly, provide that the Secretary could designate Federal employees now stationed in the Island of Hawaii to

work with the Island of Guam, in addition to the work that they are doing in the Hawaiian Islands now and that we could accomplish a lot for these 548 farmers.

I know that I had this experience when I visited the island of Guam. They had sent a bunch of young heifers out there and they bred them all at the same time, and they all came fresh at the same time, and they all went dry at the same time. So for a long period of time the people on the island of Guam had no milk.

I do think that we should do something for these people. I am for that.

Do you not think that it could be operated out of Hawaii rather than from Washington?

Dr. ELTING. It could. I agree that to extend authority to the State of Hawaii to provide certain services to Guam, would be one approach.

If I may go back just a moment, however, in response to a statement you made, the Departments' position in 1954, when the amendment to the Organic Act was under consideration, was one then recommending specifically against extending straight line authority for the many programs of the Department to Guam just on the basis you have suggested, because it would be far too expensive for each of the services to set up its own straight line administration there. Certainly more than the agricultural potential of the island would warrant.

The essence of this recommendation is that there not be a topheavy machinery created. That, in fact, it be one man designated as the Secretary's representative for the total agricultural program on the island of Guam. It is not contemplated that there would be a constant sending of staffs out from Washington; rather that one administrator would build up a permanent staff as needed, whether that be two or three or four or half a dozen people, but always working to encourage the initiative of the local department of agriculture to supplement their capacity to handle their problems locally, and to supply what is lacking to some extent, because there is no agricultural college or experiment station on Guam.

The CHAIRMAN. Let me interrupt you there.

You say on page 4 of your statement that the Secretary is to appoint a standing advisory committee with one representative from the Agricultural Research Service, one from the Agricultural Marketing Service, one from the Federal Extension Service, one from the Soil Conservation Service, and one from the Farmers Home Administration.

Dr. ELTING. Yes, here in Washington.

The CHAIRMAN. Then each of these has to have a staff. And they will be an Advisory Committee?

Dr. ELTING. One agricultural administrator for Guam would use this Committee as his point of contact in order that he might get information.

The CHAIRMAN. It indicates right now that initially you would send this Advisory Committee out there, on top of the survey that has just been made.

Dr. ELTING. I can assure you, sir, that there is no thought that this standing Committee would be dispatched to the island of Guam for further study of the problem.

The CHAIRMAN. How will they advise the Secretary unless they go to Guam and see what is needed there?

Dr. ELTING. They will have a point of contact with the one agricultural administrator who is designated for the island of Guam.

The CHAIRMAN. I will guarantee you that they will be out in Guam.

Mr. MATTHEWS. If you will yield, could not one good county agent and one home demonstration agent handle this problem?

The CHAIRMAN. I think that they could. Do we not have one at the University of Hawaii? It is my recollection that I met him, and I, also, met the dean of the university and the extension agent there.

It just occurred to me that you might reconsider this legislation, and not provide for a straight line activity between Washington and the island of Guam, but to make a survey of the Hawaiian office with the idea of adding some personnel there.

I agree with Mr. Matthews that it seems to me that a county agent and a home demonstration agent would be able to serve the problems of these 548 farmers, and it would not be too expensive.

Mr. POAGE. Will you yield there?

The CHAIRMAN. Yes.

Mr. POAGE. It seems to me that the basic problem is one for Congress, to make Guam a part of the State of Hawaii. Why could it not be a part of the State of Hawaii? Then you would not have any of these problems. Of course, if you are going to give Guam statehood, it would mean a couple of Senators and we will have that problem. By making it a part of the State of Hawaii you would avoid bringing in legislation to make Guam a State. And if you bring such legislation for Guam, I am sure we would have a demand to bring Christmas Island in as a State.

Dr. ELTING. We propose a small operation.

The CHAIRMAN. This area is no bigger than some of our townships.

Dr. ELTING. There is no question about that. I think we are very cognizant that we do not want to build more machinery than the potential would justify. And, furthermore, I think that we should recognize that Guam has done a very good job in building a local department of agriculture that is doing a creditable job in extension.

The whole intent of this authorization—and it does not mandate anything—it simply gives the Secretary authority to extend such assistance to Guam as in his judgment the problems warrant—whether sending one man or five men—there is nothing mandatory certainly in the language.

The CHAIRMAN. Do they have an extension or home demonstration agent on the island of Guam?

Dr. ELTING. They do under the local department. There is no Federal participation or dollar support whatsoever for that program. Such agricultural program as they have on the island of Guam is 100 percent locally supported today.

The CHAIRMAN. My idea about it is that we should authorize all of the things that are necessary, but if we authorize all of these things that are contemplated here, the Subcommittee of Appropriations on Agriculture would not look favorably on it, and you would not get the money. I think they might be willing to provide for every essential service on the basis of its being a part of the Hawaiian office, but I do not see how Guam with 548 farmers could expect us to provide more service to them than we provide for our own people here.

Dr. ELTING. I certainly agree with you, sir.

The CHAIRMAN. Suppose we leave it this way? Would you take it back to the Department and see what you can do with the bill to change it along the lines of this discussion, so that we will not have a straight line administration operation from Washington, but that it will operate through the Hawaiian Land Grant College and the Hawaiian Extension Service, and that the Farmers Home Administration and all of these other agencies operating in Hawaii will extend their assistance to the island of Guam?

Dr. ELTING. We envisioned, Mr. Secretary—

The CHAIRMAN. Do not call me "Mr. Secretary." [Laughter.]

Dr. ELTING. I am sorry. It was envisioned that extending the authorization from the regional offices of these several services in Hawaii would be a more expensive procedure than the one that is contemplated in this bill.

Mr. ABERNETHY. What do they produce down there in the way of agricultural crops?

Dr. ELTING. They produce fruits and the foods of the tropics and subtropics—many of the same plants that would grow in southern Florida or in the West Indies would thrive in Guam. They grow common field crops.

Mr. ABERNETHY. Do they export any commodities?

Dr. ELTING. Before the war, I believe, they exported some copra from coconuts. I think the coconut plantings have been very largely destroyed because of the war. Today I believe there is no agricultural export.

Mr. ABERNETHY. I notice that your report says that in 1950 they had 59,498 people. I do not know what it is now. Whereas in 1940 it was only 22,000. Where has the growth in population come from?

Dr. ELTING. I do not have that exact breakdown, but I think, perhaps, 35,000 are native Guamanians.

Mr. ABERNETHY. 35,000?

Dr. ELTING. Thereabouts.

Mr. ABERNETHY. Do the natives of Guam pay Federal income tax?

Dr. ELTING. I cannot answer that.

Mr. ABERNETHY. Very well.

I would like to have the record show what they do produce in agriculture.

(The information requested follows:)

AGRICULTURAL PRODUCTS PRODUCED ON GUAM

Some of the more important agricultural products produced on Guam for food or sale are as follows:

Animal products: Poultry, beef, pork, eggs, milk.

Plant products:

Field: Corn, taro, yams, cassava.

Orchard: Coconuts, mangoes, avocados, bananas, lemons, oranges, papaya.

Truck crops: Tomatoes, watermelons, cucumbers, green beans, cantaloups, peppers, Chinese cabbage, green onions, radishes, sweetpotatoes, lettuce.

Mr. MATTHEWS. I should just like to make this one other observation. I have enjoyed these remarks by Dr. Elting. I know that he has given this matter considerable research, but the thing that distresses me as indicated by Mr. Poage, is that I do not want to start a procedure here that will make the people on Guam feel like we are beginning a statehood operation.

Here we have 548 farmers that I certainly believe, with all of my heart, ought to be served and could be served by a good county agent or a home demonstration agent.

On the island of Guam I notice that the maximum farm potential is 25,000 acres. Many counties in our congressional district have more farm acreage than 25,000 acres. That is the thing that disturbs me. I think the record ought to clearly show that so far as my opinion is concerned this is a problem, of course, but it ought to be handled on the basis of a good county agricultural organization rather than setting the framework, possibly, for another State. That is my objection to the bill.

I think that certainly they ought to have help, but I think that it ought to be on the basis of a good county organization, rather than to parallel some kind of a State organization.

The CHAIRMAN. Let me interrupt you. We have only 30 minutes to go. We have a gentleman here who is the speaker of the Guam Legislature, Mr. A. B. Won Pat. I think that we ought to hear from him now.

Mr. HOEVEN. You say the Department had a small research program in the island from 1908 to 1932, when it was discontinued. Why did you discontinue it?

Dr. ELTING. I presume it was an economy move, sir. The record will show that in 1932 the Department of Agriculture ceased its operations in Guam, in the Virgin Islands, and in Alaska.

The whole operation, I believe, in Guam was turned over to the Department of Interior or perhaps to the Navy Department at that time. I am not certain of that.

In the Virgin Islands I know it was turned over to the Department of Interior. And in Alaska it was turned over to the University of Alaska.

It was a general economy move at that time.

The CHAIRMAN. Suppose you step aside for the moment and we will hear from Mr. Won Pat.

We are glad to have you here in this committee room, Mr. Speaker, and we will be glad to hear you now. Tell us something about the problems of your people.

STATEMENT OF HON. A. B. WON PAT, SPEAKER OF THE LEGISLATURE OF GUAM

Mr. WON PAT. Thank you very much, sir. Before I begin my statement, I would like at this time to introduce to you the Governor of Guam who has just come in, who happens to be here on an emergency situation, Mr. Boss.

The CHAIRMAN. We are very glad to welcome the Governor of Guam.

Mr. WON PAT. Mr. Marcellus G. Boss. He just happened to drop in a few minutes ago.

The CHAIRMAN. We are glad to have you with us, Governor Boss. You may now proceed, Mr. Won Pat.

Mr. WON PAT. Mr. Chairman and members of the committee, my name is A. B. Won Pat. I am the speaker of the Legislature of the Territory of Guam, which is the highest elective office in the territory.

I am here in the Nation's Capital pursuant to the authority of Resolution No. 175 adopted by the Fifth Guam Legislature which directed me, as speaker, to appear before congressional committees and administrative officials of the Federal Government to present the needs and problems of the people of Guam, and to represent their views and interests on matters of vital concern to the more than 40,000 American citizens of Guam.

In this capacity, on behalf of the American citizens of Guam, I want to express appreciation and gratitude to the distinguished chairman of this committee for sponsoring the bill (H.R. 9886) which is now before the committee; and also for the privilege afforded me to appear before you and present my views in support of the enactment of this legislation. Specifically, I want to thank the committee for scheduling hearings on this measure in the face of the heavy work load that you bear and the tremendous demands upon your time by pressing national matters and other problems.

Bill H.R. 9866, proposes to establish Federal agricultural services to Guam, in the same manner as such services are extended to other territories. A similar measure, S. 3060, has been introduced by Senator Murray, chairman of the Interior and Insular Affairs Committee of the Senate, and is now pending before your counterpart body. These identical measures are fully supported by the Department of Agriculture which has responsibility of the agricultural programs, and by the Department of the Interior which has general administrative responsibility of the territory.

When the Organic Act of Guam was enacted by Congress in 1950, it provided, among other things, that no Federal statute, not then applicable to Guam, would become applicable unless specifically made applicable by action of Congress. A commission was appointed by President Truman, called the President's Commission on the Application of Federal Laws to Guam. A former member of this distinguished body, Hon. J. Hardin Peterson, former chairman of the Interior and Insular Affairs Committee, served as Chairman. The Commission conducted a comprehensive study of all Federal statutes and made a number of recommendations, including extension of several Federal agricultural programs to Guam.

Pursuant to these recommendations of the President's Commission, Guam omnibus bills were introduced in both the House and the Senate in the 84th Congress. When these measures were considered, provisions in them relating to the agricultural programs were deleted at the request of the Department of Agriculture because the Department felt that at the time what it called blanket inclusion of Guam would result in extremely difficult administrative problems and excessive costs. Further study was desired.

Accordingly, the agricultural program provisions were deleted from the Guam omnibus bills, and the House measure, H.R. 11522, was enacted into law without them. This measure became Public Law 896 of the 84th Congress, and it is found in volume 70 of the U.S. Statutes-at-Large, page 908.

Since 1932, the Department of Agriculture had discontinued all agriculture services to Guam, although it had maintained an agricultural experiment station on the island since 1908. Interest of the Federal Government, however, in the agricultural problems and poten-

tialities of Guam has been indicated by a number of proposals for agricultural assistance suggested by some of the Federal agencies having responsibilities for Guam and the trust territories. But it was not until 1956, after repeated urging by the Governor and Legislature of Guam stressing the imperative need for a special Federal agricultural program to help resuscitate the agricultural economy of the island, that positive steps were taken by the U.S. Department of Agriculture. A group of specialists from this Department made a trip to Guam and conducted a comprehensive survey of the agricultural conditions and needs on Guam in late 1956. In a report of their findings, entitled "The Agricultural Needs of Guam, Marianas Islands," Report of a U.S. Department of Agriculture Survey Group, ARS-24-3, printed in March 1958, made the following recommendations:

I do not think that I should read these recommendations.

The CHAIRMAN. Are these recommendations contained in this report that is before us?

Mr. WON PAT. Yes, sir.

The CHAIRMAN. Let me ask you, Mr. Won Pat, do you not think that all of the necessary help can be provided for the needs of Guam through the Hawaiian office?

Mr. WON PAT. Yes, sir. I want to comment on that. I intend to comment on it after finishing my statement, and I will answer that question.

Just like any other Federal activity, they are set up by what they call regions. There are, of course, Federal programs that are, certainly, applied to Guam. Guam then would come under a certain region.

In the case of agriculture, I presume that would, also, be the pattern to be followed.

The CHAIRMAN. If we should have Federal legislation as to the responsibility of the Federal agencies from the offices in Hawaii to do that, to operate the programs on Guam through the offices in Hawaii, that would give you every service, it seems to me, that you need. I think it is unreasonable to grant the authority contemplated by the pending legislation and to establish offices on Guam to serve such few people. There are only 548 farmers and 25,000 acres.

Mr. WON PAT. I think, sir, that the passage of the pending legislation would be of a less cost to the administration, inasmuch as in Hawaii you have the Federal programs covering all of these various activities.

The CHAIRMAN. As it is now, they are not charged with any responsibility with regard to Guam, are they?

Mr. WON PAT. No, sir.

The CHAIRMAN. Let us go off the record for a minute.

(Discussion off the record.)

The CHAIRMAN. We will go back to your statement. I apologize for interrupting you.

Mr. WON PAT. That is all right, sir.

The Fifth Guam Legislature in its first regular session on January-February 1959 adopted resolution No. 63 memorializing and requesting the Secretary of the Department of the Interior and the Secretary of the Department of Agriculture to cause the enactment of legislation

of the foregoing recommendations made by the U.S. Department of Agriculture Survey Group on the agricultural needs of Guam.

In my visit to the Nation's Capital last year, I took the opportunity to discuss this matter with the Assistant Secretary of Agriculture, Mr. E. L. Peterson, with certain members of his staff, as well as with the Director of the Office of Territories, Department of the Interior, and other officials of this Department. Also, I had the privilege of discussing the subject with Senator Murray, the chairman of the Committee on Interior and Insular Affairs of the Senate. Following a series of conferences on these recommendations between the staff members of both departments concerned and the Chief Counsel of the Senate Interior and Insular Affairs Committee, Mr. Stewart French and myself, proposed legislation was drafted by the Department at the request of Senator Murray. It is this draft that is before you now as H.R. 9866.

Guam, as you know, was devastated by the Japanese occupation shortly after the commencement of the last World War and was occupied by the Japanese for 3 years prior to its reoccupation of American Forces, not only completely destroyed towns and villages, but laid waste to all crops on the island. The Guamanians are historically and primarily an agrarian people but the war brought about a complete physical change of the island and the life of the people was conditioned likewise. The advent of large numbers of construction workers from the mainland, the taking of large areas of land, some of it our best agricultural land, in Guam by the Armed Forces in the interest of national defense, and the dislocation of the Guamanian population occasioned by these events, graphically point up the situation which abruptly destroyed the basic economy of the island.

The situation is well illustrated in an article appearing in a recent issue of the Territorial Sun, a Sunday paper in Guam, written by Tony Palomo, staff reporter, under the caption, "Census Facts, Farming: No Longer the Backbone."

When census takers here begin counting noses and heads on April 1, they will find, among other things, what has been widely known for a long time; farming has ceased to be the backbone of the island's economy, and that only by the concerted efforts by the Government and the farmers can it be revived again to at least a semblance of what it was two decades ago when the importation of basic agricultural products was virtually unheard of.

According to the U.S. Bureau of Census, U.S. Department of Commerce, farm output in Guam dropped substantially since the Bureau began taking decennial censuses here in 1920. The decrease was more apparent in the 1940-50 period, which includes the World War II years and the absorption by the U.S. military of agricultural lands, such as Northwest Field, Marbo, Anderson Air Force Base, Radio Barrigada, NAS, and parts of Piti, Agat, and Sumay. Additionally, communities like Barrigada, Mangilao, and Sinajana, which yielded substantial farm products before the war, have become residential areas.

Unlike today when the majority of the people are employed either by the Government or businesses, in the 1930's and 1940's the soil was the great provider.

This year's census takers will no doubt find that although there are many more people here today, there are considerably fewer farms than in 1950, and less so than in 1940 and 1930. According to the latest commissioner's report, there were only about 500 bona fide farms in 1959. There were more than 1,000 in 1950, 1940, and 1930 though the population was much less. * * *

A report prepared and released by the Extension Division of the Guam Department of Agriculture dated February 5, 1960, shows the following selected agricultural statistics covering the calendar year

1959: There are 243 farmers engaged in the production of various crops, and 174 are engaged in livestock raising, as follows: cattle, 86; hogs, 60; and poultry (egg production) 28. The commercial movement of fresh fruits and vegetables for the 12-month period of 1959 in pounds including all imports amounted to 13,165,725 pounds. Of this amount only 6 percent was produced locally, 10 percent was imported from the U.S. mainland. There are approximately 4,500 cattle, 19,000 hogs, and 225,000 chickens being raised, but mostly for domestic needs. There is no beef or dairy cattle industry as such; practically all meats and poultry with the exception of eggs sold commercially are imported from the United States, Australia, New Zealand, and Japan.

In spite of the limitations of agricultural activity and its effect on production, Guam today enjoys a fairly prosperous economy. This economy, however, is based largely upon the military activity on the island which is governed by our national defense policy and Federal spending; and there is always the underlying fear and dependence upon these military appropriations which would cut off or reduce sharply the immediate effect of any such reduction in military expenditures upon the local inhabitants would be disastrous. Hence, the need and importance of improving the efficiency of agriculture so as to enhance the island's economy and become less dependent upon Federal spending cannot be overestimated.

In sum, enactment of H.R. 9866 by this Congress is essential if the 40,000 American citizens of Guam are to be freed from dependence upon military spending. In addition, and more important, a self-sustaining economy, based on agriculture and providing locally produced food both for the people of Guam and for the military and mainland workers stationed there, would be a most important national security measure in that bastion of our Nation's defenses and security.

Thank you, and I would be glad to answer any questions that the committee may wish to ask me.

The CHAIRMAN. The recommendations which were a part of your paper will be made a part of the record at this point.

(The document entitled "Recommendations" is as follows:)

RECOMMENDATIONS

The Guam Survey Group recommends that:

1. Federal agricultural services be extended to Guam. In planning the extension of these services due regard should be given to: The status of the people on the island, their economy, and stage of rural development; the strategic importance of the island to the United States; and the Federal funds presently appropriated to the States and to other territories of the United States for the furtherance of their agricultural pursuits.

2. Legislation be enacted to authorize the Secretary of Agriculture: (a) To establish and maintain a joint agricultural program on Guam that will promote the welfare of that island; (b) to utilize any authority available to him to such extent as he may determine necessary to meet the agricultural program needs of Guam, without the necessity of amending existing laws specifically extending them to this island; and (c) in developing and carrying out such agricultural program to utilize the agencies, facilities, employees, and other resources of the Department of Agriculture as he may determine, and to cooperate with the Government of Guam and other public and private organizations and individuals on Guam and elsewhere.

3. The Agricultural Research Service, or such other agency as the Secretary may designate, be given the primary responsibility insofar as the Department

is concerned, for the planning, development, and general administration of the agricultural program for Guam.

4. The Secretary appoint a standing advisory committee with one representative each from the Agricultural Research Service, Federal Extension Service, Agricultural Marketing Service, Soil Conservation Service, and Farmers Home Administration. The duties of this committee should be: To advise in the planning of the programs, to enlist the support of the respective agencies of committee members in the program's development and implementation; and to review and evaluate the progress of the program.

5. Provision be made for any other agencies of the Department to participate with the Advisory Committee whenever necessary in dealing with specific problems with which they may be concerned directly.

6. The working relationships between the U.S. Department of Agriculture and the Guam Department of Agriculture be covered in a suitable memorandum of understanding. The objective should be to strengthen and to improve the Guam Department of Agriculture so that it may have eventually the kind of organization and staff competence required to provide the services in agriculture, home economics, and rural life needed by the people on this island.

7. The U.S. Department of Agriculture's principal contribution initially be in the form of supplying to the Guam Department of Agriculture technical assistance for effective organization and appropriate training of its staff. Such technical assistance is needed in the fields of agronomy, soil and water conservation, livestock and poultry, horticulture, marketing, research and extension work in agriculture, home economics, 4-H Club work, and other rural development. The specialists supplied by USDA should in effect constitute a technical assistance team that would be associated with the Guam Department of Agriculture until such time as the objectives are accomplished.

The CHAIRMAN. We thank you very much for your statement. I am sure that the people of Guam will support the problem that you have presented, and we will give the matter further consideration at a later date.

Dr. Elting, I would like for you to advise me when you are prepared to discuss the matter further, and I will call another committee meeting for the purpose of considering some legislation which will extend services to the people of Guam.

Mr. POAGE. What do you think of the advisability of making Guam a part of the State of Hawaii?

Mr. WON PAT. That is a question that is too premature. We could conceive of it. I think that our concept of self-government contradicts that. Hawaii is a State now. They are American citizens, just like we are. In other words, in carrying out the concept of self-government I do not know how we can do that. Even Puerto Ricans do not want to become a State.

Of course, our ambition in Guam, as I know it, being in the legislature for 20 years, we want to become fully assimilated as American citizens by assuming greater self-autonomy.

Mr. POAGE. Mr. Speaker, if we are going to give you all the privileges of a State—and I am perfectly willing to do that—you have got to accept all of the responsibilities. You cannot sit by like the District of Columbia does and say, "We want to have the right to vote, but we are utterly opposed to being a part of the State of Maryland."

Most people do not think that we could establish Guam as a separate State. I know politicians who would like to try it. They would get two votes in the Senate. You know and I know that we are not going to do it, at least in the foreseeable future. You are not going to get statehood for a long time. But you would get it if you became a part of Hawaii.

Mr. WON PAT. That is a matter that would have, I believe, to be decided by the people of Guam and the people of Hawaii.

Mr. POAGE. I know that. I want to know what the people of Guam want—let them tell us.

Mr. WON PAT. That is a premature question for me to answer. However, Guam is organized but unincorporated—it cannot become a State—it must first become incorporated.

Mr. POAGE. Congress can make it a part of the State of Hawaii.

Mr. WON PAT. That is if Hawaii and Guam were willing. I think the question will have to be explored further.

Mr. POAGE. I take it that you do not want to be a part of Hawaii?

Mr. WON PAT. I am not saying that I want to be.

Mr. POAGE. I know that you did not.

Mr. WON PAT. Yes.

The CHAIRMAN. Do you have elections out there?

Mr. WON PAT. We do.

Mr. HAGEN. Mr. Speaker, what do you conceive to be the principal need of the territory for an agricultural program?

Mr. WON PAT. Principally, right now, as I mentioned, only 6 percent is produced in the way of produce and foods locally; in other words, of the amount that is needed over there, as indicated by statistics. The farmers are today faced with the problem of soil management, erosion control, irrigation, pest and disease control.

We have a department of agriculture. We annually appropriate about \$150,000.

We do have an extension agent. We are doing everything we can, of course, to improve the agricultural efficiency, but we only have two scientists over there, I mean a veterernarian and an entomologist. The rest of our department of agriculture personnel did not even go to school in an agricultural college of any standing.

The need for technical assistance is very obvious. That is what we need.

The enactment of this legislation will not incur a lot of expenses. The committee would merely sit in Washington and advise just how this ought to be utilized without too much expenditure, because we will foot part of the bill.

The CHAIRMAN. You need some assistance out there, too. I notice that you only have 60 people out there raising hogs, according to your statement, and 28 raising chickens and producing eggs.

Mr. WON PAT. I am more or less talking there about those in the business. In other words, as an occupation. But practically every other family has what they call raising a few chickens and a few hogs and two or three head of cattle.

Mr. HAGEN. They want to expand their agriculture?

Mr. WON PAT. Exactly. You will notice from statistics that I just read to you, for the year 1959 they brought into Guam 13 million pounds of produce. We only produce 6 percent of that. We have to import it from here and from other countries.

We believe that we could produce up to about 50 percent or more if we have the technical assistance, so that these people will know how to do things the right way.

Mr. ABERNETHY. It is to gain an expanding agriculture?

Mr. WON PAT. Yes. We want to be as self-sustaining as possible.

Mr. ABERNETHY. But is the land available for that purpose?

Mr. WON PAT. Yes, sir. There are lands available, but the land will have to be managed competently and properly.

Mr. ABERNETHY. What is it being utilized for at the present time?

Mr. WON PAT. Thirty-five percent of the total land area is occupied by the military; most of it is good agricultural land.

Mr. ABERNETHY. That land will not be available for agriculture then?

Mr. WON PAT. No, sir. The major part of the land, on the southern end, is hilly.

Mr. ABERNETHY. Is that available?

Mr. WON PAT. It is available, but it will require, of course, good soil management.

Mr. ABERNETHY. Is it potentially productive?

Mr. WON PAT. In the valleys, yes, sir; on the elevated areas, not so much.

Mr. ABERNETHY. To go back to Mr. Hagen's question, I think every member of the committee will want to help to do what they can. I do not think that we would want to go all the way in setting up every branch of the Department of Agriculture in Guam because there is no need for it.

Mr. WON PAT. No; I do not think that was the intention.

Mr. ABERNETHY. What do you need right now in order to get some expanding agriculture on the road? Do you need a county agent? Do you need loans? What is it that you need?

Mr. WON PAT. We need technical assistance, in other words. The reason for that recommendation is to establish the particular programs to meet the needs of the territory rather than to just make this very program, or various programs, applicable which, in the general sense, may not be workable.

Mr. ABERNETHY. You say that you need technical assistance. By that do you mean for the people or do you need experts, or both?

Mr. WON PAT. We need experts, and a little financial assistance.

Mr. ABERNETHY. You need experts—what kind of experts?

Mr. WON PAT. Experts in soil management, like controlling soil erosion, the use of fertilizers, irrigation, marketing.

Mr. ABERNETHY. What we usually refer to as the work of the county agent on the mainland—would that fill that particular situation?

Mr. WON PAT. It would be welcome. If you have one person that is competent enough, who knows all about the various aspects of agriculture, that is all that is needed.

Mr. ABERNETHY. Suppose we put 1, 2, 3, or 5 or 10 out there, what would they do, go around to the people and ask them to move down to this untilled land?

Mr. WON PAT. No, sir. We have a department of agriculture in Guam. It is composed of what they call animal industry and plant industry divisions and also an extension division. We have people there called farm advisers, like your county agents, who go out and advise the farmers on their problems.

Mr. ABERNETHY. Is it your feeling that if this technical assistance were provided in the way of technical people that their assistance to your present farmers would result in their becoming so productive

that agriculture will become more attractive to other people—is that the theory?

Mr. WON PAT. That should be one of the main ideas in it. In other words, we want the people to meet the obstacles they are faced with in respect to farming.

Mr. ABERNETHY. Could not this problem be more directly handled by someone saying to the Department of Agriculture, "We need a man who can advise us as to how to do this or that."

Mr. WON PAT. That is what the bill here proposes to do.

Mr. ABERNETHY. The bill is rather broad. It would establish bureaucracy there. I do not think that the people of the island want that. That is not what we have contemplated. That is not our understanding that these people will set up a bureaucracy over there, another department, or set up what they call an extension, I mean, a regional division—I mean a division of the Department of Agriculture. Of course, in the Department of Agriculture we have a lot of experts here. Naturally, they must draw upon those experts. They may have to send one person there. How many people do you expect to have moved out to Guam?

Mr. WON PAT. They have to be out there for a year or so; they will not be there forever.

Mr. ABERNETHY. I think that we could answer the problem more directly if we were advised as to exactly the number and the kind of people you need.

Mr. WON PAT. They know the problem because they have been out there, they made the actual survey, the actual study. We know our needs. They are aware of this. If the bill is enacted that will give them the authority, I mean, to utilize any programs that will fit our needs. That is all. It is not going to take a large part of the various departments to carry out the programs on Guam.

Mr. ABERNETHY. That is all. Thank you.

Mr. WON PAT. That is not the intent.

The CHAIRMAN. Thank you very much, Mr. Won Pat.

The committee stands adjourned.

(The committee adjourned at 12 o'clock.)

REGIONAL BANKS FOR COOPERATIVES

H.R. 10310

APRIL 11, 1960

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REGIONAL BANKS FOR COOPERATIVES

MONDAY, APRIL 11, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSERVATION AND CREDIT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 11:15 a.m., in room 1310, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Johnson of Wisconsin, Breeding, Stubblefield, Short, and Pirnie.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; and John J. Heimbarger, counsel.

Mr. POAGE (presiding). The subcommittee will now come to order. The purpose of the hearing this morning is the consideration of H.R. 10310, which will be made a part of the record at this point.

(H.R. 10310 follows:)

[H.R. 10310, 86th Cong., 2d sess.]

A BILL To amend the Farm Credit Act of 1933 to provide for increased representation by regional banks for cooperatives on the Board of Directors of the Central Bank for Cooperatives

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the terms of office of directors of the Central Bank for Cooperatives established prior to January 1, 1961, shall continue through the 31st day of December 1960 and shall expire at the end of that day, and thereafter such Board shall be constituted in accordance with section 31 of the Farm Credit Act of 1933, as amended, which is hereby further amended to read as follows:

"SEC. 31. BOARD OF DIRECTORS OF THE CENTRAL BANK.—(a) The Central Bank for Cooperatives shall have thirteen directors, one from each of the twelve farm credit districts and a director at large. The director at large shall be appointed by the Governor by and with the advice and consent of the Federal Farm Credit Board. Initially, directors from six of the farm credit districts shall be appointed by the Governor by and with the advice and consent of the Federal Farm Credit Board and directors from the other six farm credit districts shall be elected by the board of directors of the regional bank for cooperatives in the district. The Farm Credit Administration shall designate the districts which shall be represented by appointed directors and which by elected directors. Except as otherwise required under subsections (b) and (c) of this section, a director appointed for a district shall be succeeded by a director elected in the same district and a director elected in a district shall be succeeded by a director appointed for the same district. The term of office of a director shall be three years, except that the terms of office for directors other than the director at large which begin January 1, 1961, shall be one year, two years, and three years, divided equally among elected and appointed directors as designated by the Farm Credit Administration. The Farm Credit Administration shall prescribe rules and regulations and take all other action necessary to permit the elections required by this section.

"(b) Whenever, as of June 30 of any year, the Farm Credit Administration determines that the sum of the capital stock and subscriptions to the guaranty

fund of the Central Bank held by persons other than the Governor on behalf of the United States and surplus and reserve accounts of said bank equals or exceeds 66⅔ per centum of the total capital stock, subscriptions to the guaranty fund and surplus and reserve accounts of said bank, the directors from the farm credit districts for the terms beginning the next succeeding January 1 shall all be elected by the board of directors of the regional bank for cooperatives in the respective districts.

"(c) Whenever, as of June 30 of any year, the number of elected directors exceeds six and the Farm Credit Administration determines that the sum of the capital stock and subscriptions to the guaranty fund of the Central Bank held by persons other than the Governor on behalf of the United States and surplus and reserve accounts of said bank does not equal or exceed 66⅔ per centum of the total capital stock, subscriptions to the guaranty fund and surplus and reserve accounts of the bank, the directors from the farm credit districts for the terms beginning the next succeeding January 1 shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Federal Farm Credit Board, until the number of elected directors is reduced to six. If directors are not required to be appointed for all of the terms beginning the next succeeding January 1, in order to reduce the number of elected directors to six, the Farm Credit Administration shall designate the terms to be filled by appointment or election.

"(d) Any vacancy in the Board of Directors shall be filled for the unexpired term in the same manner, by appointment or election, in which the vacant office was filled. Each director elected or appointed for a district shall have been a resident of such district for at least two years prior to election or appointment. No person shall be eligible for election or appointment as a director for a district if such person has, within two years next preceding the commencement of the term, been a salaried officer or employee of the Farm Credit Administration or of any corporation operating under its supervision. No person shall be eligible to serve as an elected or appointed director for a district for more than two full terms of three years, plus any elected or appointed term of less than three years which expires immediately preceding his election or appointment to a full term. Any person who is a member of the Federal Farm Credit Board when appointed or elected as director shall resign as a member of the Federal Farm Credit Board before assuming his duties as director of the Central Bank. No person who becomes such director shall be eligible to continue to serve if he becomes a member of the Federal Farm Credit Board or an officer or employee of the Farm Credit Administration or an officer or employee of any corporation operating under the supervision of the Farm Credit Administration. Any appointed director may be removed at pleasure at any time by the Farm Credit Administration."

Mr. POAGE. Before we proceed with the list of witnesses, we have a statement from Mr. Hugh F. Hall, assistant legislative director of the American Farm Bureau Federation, addressed to me, as chairman of the subcommittee, for insertion in the record. It will be placed in the record at this point.

(The letter dated April 7, 1960, follows:)

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., April 7, 1960.

Congressman W. R. POAGE,
Chairman, Conservation and Credit Subcommittee,
House Committee on Agriculture,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN POAGE: Farm Bureau does not have specific policy on the bill H.R. 10310, introduced by Congressman Cooley, to amend the Farm Credit Act of 1933 to provide for increased representation by regional banks for cooperatives on the Board of Directors of the Central Bank for Cooperatives.

Since it seems to be in line with the general objectives we have long supported with respect to farm credit, we support the principle of this bill.

Sincerely yours,

HUGH F. HALL, Assistant Legislative Director.

Mr. POAGE. Our first witness is Gov. R. B. Tootell of the Farm Credit Administration. We will be very glad to hear from you now.

STATEMENT OF GOV. R. B. TOOTELL; ACCOMPANIED BY JOHN C. BAGWELL, GENERAL COUNSEL, FARM CREDIT ADMINISTRATION

Governor TOOTELL. Mr. Chairman and members of the committee, we are very happy to be before your committee again. The Chairman of our Federal Farm Credit Board, Mr. George P. Daley, had expected to appear before the committee and give testimony, but he was unable to stay over for this postponed session. I should like permission to file for the record his brief statement on behalf of this bill.

Mr. POAGE. That may be done.

(The statement of George P. Daley, Chairman of the Federal Farm Credit Bureau, follows:)

STATEMENT OF GEORGE P. DALEY, CHAIRMAN OF THE FEDERAL FARM CREDIT BOARD, BEFORE THE SUBCOMMITTEE ON CONSERVATION AND CREDIT OF THE HOUSE COMMITTEE ON AGRICULTURE ON H.R. 10310

Mr. Chairman and gentlemen of the committee, it is a pleasure for me to appear before this committee on behalf of the Federal Farm Credit Board regarding H.R. 10310. I shall not attempt to discuss the contents of the bill, as that will be done by Governor Tootell. My remarks will be brief.

The Federal Farm Credit Board was established in December 1953 pursuant to the Farm Credit Act of 1953. The Board was established to determine matters of policy for the farm credit system and to exercise general direction and supervision over the Farm Credit Administration. The Board is not an administrative body, as all administrative powers, functions, and duties of the Farm Credit Administration are vested by law in the Governor. The Board meets regularly six times a year, 3 days at a time, and occasionally has special meetings when circumstances so require.

The Farm Credit Act of 1953 declared it to be the policy of the Congress "to encourage and facilitate increased borrower participation in the management, control, and ultimate ownership of the permanent system of agricultural credit made available through institutions operating under the supervision of the Farm Credit Administration." The act directed the Federal Board to make recommendations to the Congress of means to carry out that policy, including means for the retirement of the remaining Government capital in the system. The recommendations of the Board, with some modifications, were enacted in the Farm Credit Acts of 1955, 1956, and 1959. These laws have done much to strengthen and improve the credit service of the farm credit system. We believe that the system now has the legislative means fully to effectuate the policy laid down in the 1953 act. I wish to express the appreciation of the Federal Board for the fine cooperation of this committee in the development and enactment of this legislation.

The Federal Farm Credit Board has, however, a continuing responsibility under the law to make legislative recommendations to the Congress from time to time for improvements in laws relating to Federal agricultural credit. In keeping with that responsibility we have submitted H.R. 10310 which the Board feels is a needed improvement in the organizational structure of the Central Bank for Cooperatives. The Board recommends enactment of the bill.

In conclusion may I say that the farm credit system exists for one purpose and one purpose only—to furnish the best credit service possible to farmers and their cooperatives at the most favorable interest rates consistent with sound lending practices and the cost of loan funds. The Board is continually seeking ways and means to provide improvements in this service and to meet the needs of an ever-changing agriculture. We know that we shall continue to have the fine cooperation of this committee in our efforts toward that end.

Governor TOOTELL. Then I have a prepared statement, Mr. Chairman, which I should like to have permission to present for the record. Because of the familiarity of the members of this committee with the general nature of the farm credit system I believe that it is unneces-

sary for me to read the entire statement. I would propose to start at the bottom of page 6 of my prepared statement.

Mr. POAGE. We will be very glad to have you do that. And your entire statement will be made a part of the record at the close of your remarks.

First, I should like permission, unless there is objection, to insert into the record at this point two statements, one by Mr. Roy B. Davis, of Lubbock, Tex., together with an accompanying resolution, and a statement of Mr. Kenneth Thatcher, of Des Moines, Iowa.

(The statements of Roy B. Davis and Kenneth Thatcher follow:)

STATEMENT OF ROY B. DAVIS, OF LUBBOCK, TEX., ON BEHALF OF THE STOCKHOLDERS
OF HOUSTON BANK FOR COOPERATIVES

The name is Roy B. Davis. I reside in Lubbock, Tex., and present this statement as the chairman of the stockholders committee representing the stockholders of the Houston Bank for Cooperatives. This bank is one of the 12 district banks for cooperatives organized pursuant to the provisions of the Farm Credit Act of 1933.

Approximately 248 farmers cooperative associations in the State of Texas own capital stock and allocated surplus of the Houston Bank for Cooperatives in the aggregate amount of approximately \$3 million. At the annual meeting of these stockholders, which was held in Austin, Tex., on February 22, 1960, they adopted a resolution by unanimous vote supporting S. 2977 and its companion bill, H.R. 10310. A copy of the resolution is appended hereto as exhibit A. Both of these bills which provide for increased representations by regional or district banks for cooperatives on the board of directors of the Central Bank for Cooperatives are, in our opinion, good bills.

These bills are designed to remedy a situation which was brought about in the Farm Credit Act of 1955. In that act it is provided that the Central Bank for Cooperatives shall have seven directors of which four shall be appointed by the Governor of the Farm Credit Administration by and with the advice and consent of the Farm Credit Board and three shall be elected by the District Banks for Cooperatives and cooperative associations. Provision was also made therein that whenever the sum of the capital stock and subscriptions to the guarantee fund of the Central Bank for Cooperatives held by persons other than the Governor of the Farm Credit Administration on behalf of the United States, and the surplus and reserve accounts of said banks shall equal or exceed 66⅔ percent of the total capital stock, subscriptions to the guarantee fund and surplus and reserve accounts of said banks, the successors to three of the four appointed directors are to be elected by the district banks for cooperatives and the cooperative associations in accordance with the formula set forth in the act.

We would point out that all of the capital stock of the Central Bank for Cooperatives is owned by the 12 district banks for cooperatives and by the Governor of the Farm Credit Administration on behalf of the United States. None of the cooperative associations who are now authorized by law to have a voice in the election of directors of the Central Bank for Cooperatives may own any of the capital stock of the central bank. We would also point out that at the present time each organization eligible to vote is entitled to one vote; hence the smallest cooperative association in any district (which owns no stock whatsoever in the central bank) possesses the same voting power as the district bank, which is a substantial stockholder.

The Central Bank for Cooperatives, while authorized to make direct loans to cooperative associations under limited circumstances (and which, we understand, does not have at this time but one such direct loan outstanding) may be said to serve as a bank designed primarily to implement the functions and services of the 12 district banks. It is, in reality, a bank designed to purchase participations in excess loans made by the district banks and to make loans to these banks. In the conduct of their business there must of necessity be a closely coordinated relationship between the district banks and the central bank. Furthermore, the district banks and the central bank share joint liability on the consolidated debentures aggregating many millions of dollars which they issue and sell from time to time to the investing public.

Because of these relationships the district banks have more direct interest in the functions and operations of the central bank than do the thousands of cooper-

ative organizations who do not borrow from it. Nevertheless, these thousands of nonborrowing organizations who possess no stock in the central bank for cooperatives and who have no business dealings with it or direct interest in its operations now possess the power to elect members of its board of directors.

With regard to the election of directors to the Central Bank for Cooperatives under the existing laws, each farm credit district does not have equal representation. The four elected directors are elected from four regions. Three farm credit districts are grouped into each region. This enables farm credit districts with the greater number of cooperative associations to exert a greater influence in the election of a director than districts with smaller numerical strength. It is interesting to observe that when Congress passed the Farm Credit Act of 1953 creating the Federal Farm Credit Board to supervise the functions of the Farm Credit Administration, it provided that each farm credit district should have a representative on the board, the 13th member being designated by the Secretary of Agriculture to represent the public interest. This gave each farm credit district equal representation. We feel that the same degree of representation should be had by the district banks on the central bank board.

It is our position that inasmuch as the district banks for cooperatives have a direct interest in the operations of the central bank and together with the United States are the owners of all of the capital stock of the Central Bank for Cooperatives, and since the district banks are in the process of acquiring the stock presently belonging to the United States, these banks as corporate entities should be empowered to elect the directors of the Central Bank for Cooperatives in accordance with the formula set forth in S. 2977 and that the size of the board of directors should be increased to 13 in order that each district bank for cooperatives may be represented by one representative in addition to the thirteenth member who will represent the public interest.

Since the cooperative associations who are the stockholders of the district banks are in the process of acquiring and will own ultimately all of the capital stock of the district banks, and since they are now exercising increased participation in the management and control of the institutions operating under the supervision of the Farm Credit Administration in accordance with the Farm Credit Act of 1955, it is our belief that their best interests will be served if the directors of the Central Bank for Cooperatives are selected by the board of directors of each district bank (who represent the stockholders of the district banks) rather than have such board selected in the manner now provided.

RESOLUTION RELATING TO THE CENTRAL BANK FOR COOPERATIVES ADOPTED BY THE STOCKHOLDERS OF THE HOUSTON BANK FOR COOPERATIVES ON FEBRUARY 22, 1960

Whereas three members of the board of directors for the Central Bank for Cooperatives are now elected by borrowers and banks for cooperatives in the farm credit districts and four members are appointed by the Farm Credit Administration; and

Whereas it is felt that by reason of the relationship between the Central Bank for Cooperatives and the 12 district banks for cooperatives, the boards of directors of each of said district banks should be empowered to elect 1 member of the board of directors of the Central Bank for Cooperatives; and

Whereas legislation has now been introduced to accomplish this, such being in Senate bill 2977 and House bill 10310; Now, therefore, be it

Resolved, That the stockholders of the Houston Bank for Cooperatives make known their support of these bills; be it further

Resolved, That the secretary of this meeting be, and he is hereby, directed to transmit a copy of this resolution supporting such bills to each of our congressional Representatives from the State of Texas.

STATEMENT OF KENNETH THATCHER, DES MOINES, IOWA, REPRESENTING THE NATIONAL ADVISORY COMMITTEE OF STOCKHOLDERS OF THE BANKS FOR COOPERATIVES

My name is Kenneth Thatcher, of Des Moines, Iowa. I am presenting this statement as a representative of the National Advisory Committee of Stockholders of the Banks for Cooperatives. This committee is an independent committee representing stockholder-borrowers from the district banks for coopera-

tives. We serve in an unofficial advisory capacity to the district banks for cooperatives and, on occasion, to the Federal Farm Credit Board. The committee has been meeting here in Washington this week.

The committee has studied the proposed amendment to the Farm Credit Act of 1933 to provide for enlarging the board of the central bank and changing the method of election. After thorough discussion we were in unanimous agreement that this is desirable legislation.

Briefly, we believe the changes in method of election will eliminate considerable confusion in election procedures. Borrowing cooperatives are often confused by the duplicating election procedures of the district farm credit boards and the central bank board. We also believe the proposed procedure and the enlarging of the central bank board will make for a closer relationship between the farm credit districts and the central bank. Also, it will make for a better understanding and even closer responsiveness of the central bank to the district banks and their stockholder-cooperatives. We are looking forward to the time when Government capital will have been sufficiently retired and we can elect 12 members of the central bank board through the district boards.

I want to make it clear that our committee represents cooperatives who will be giving up the privilege of direct election of central bank board members. We do not believe we will be losing any democracy because we elect the district boards and place confidence in them to select central bank board members.

We appreciate this opportunity to appear before the committee and recommend enactment of the bill before you.

Governor TOOTELL. Under present law, the board of directors of the central bank consists of 7 members, 4 appointed by the Governor of the Farm Credit Administration with the approval of the Federal Farm Credit Board and 3 elected by the 12 regional banks for cooperatives and the cooperative associations which are borrowers from and stockholders of the banks for cooperatives. The regional banks and the cooperative associations each have one vote in these elections. The law provides, however, that when the Government-owned stock in the central bank is reduced to one-third or less of the total net worth of the bank (capital stock plus surplus and reserves), the Governor of the Farm Credit Administration shall appoint only one director and six shall be elected. For the present elections, the 12 farm credit districts are grouped into 3 areas, 4 districts in each area, 1 director being elected from each area. Under the present law when 6 directors are to be elected, the 12 districts would be grouped into areas of 2 districts each and 1 director elected from each area.

The bill before you would make two important changes in the Farm Credit Act of 1933. First, it would increase the number of directors of the central bank to 13 in order that each of the 12 farm credit districts may be represented on the board. The 13th member of the board (the director at large) would be the representative of the Governor on the board and would always be appointed by him. Second, it would provide for the election of such directors by the boards of directors of the regional banks rather than by the regional banks and the cooperative associations borrowing from the 13 banks. The bill would also make a few other changes of a minor sort.

The full effect of the bill may be summarized as follows:

1. It would terminate the term of present directors of the central bank and, beginning January 1, 1961, increase the number of directors from 7 to 13 members, 7 of the 13 to be appointed by the Governor of the Farm Credit Administration with the approval of the Federal Farm Credit Board and 6 to be elected by the boards of directors of designated regional banks for cooperatives. Initially, the Farm Credit Administration would determine which six districts would be represented by appointed directors and which six would be represented

by elected directors. Thereafter, each appointed director would be succeeded by an elected director and each elected director by an appointed director, unless otherwise required as explained in the next paragraph.

2. Whenever the Government-owned stock in the central bank is reduced to one-third or less of the bank's total net worth (capital stock plus surplus and reserves), the Governor of the Farm Credit Administration would appoint only 1 director (the director at large) and 12 directors would be elected, 1 each from the 12 farm credit districts. If the Government-owned stock in the central bank should thereafter increase to more than one-third of such total net worth, the elected directors would be gradually replaced by appointed directors until the total of elected directors is reduced to six. This is similar to the present law under which six of the seven directors will eventually be elected. The director at large would always be appointed by the Governor.

3. The eligibility requirements for directors of the central bank are substantially unchanged, except that (a) each director—other than the director at large—must have been a resident of the district for which appointed or elected for at least 2 years prior to such appointment or election, (b) a member of a district farm credit board would not be prohibited from also serving on the central bank board, and (c) no person would be eligible to serve for more than two full terms as a director for a district, plus any elected or appointed term of less than 3 years which expires immediately preceding his election or appointment to a full term.

Our purpose in presenting this bill is to provide a more representative and balanced board for the central bank. The composition of the new board would also be more in keeping with the historic 12-district setup of the farm credit system. It seems to us that each of the farm credit districts should have a representative on the board of the central bank.

In regard to the change in voting for elected directors, it is our view that the privilege of electing directors should be reserved to the stockholders of the central bank, as is the practice among corporations generally. The cooperative associations which now may vote in these elections do not own stock in the central bank and eventually, when the Government-owned stock is retired, the central bank will be owned entirely by the regional banks for cooperatives. For this reason, we believe it is more appropriate that the election of a central bank director from a district should be by the bank for cooperatives in the district. This would, of course, mean that the board of directors of the bank would elect such director. The cooperative associations which are now eligible to vote for central bank directors have shown no great interest in such elections as indicated by the small percentage of them which have voted in the past three elections. These cooperative associations will, however, continue to be eligible to vote in the elections for members of the district farm credit boards in which they have a more direct interest.

H.R. 10310 has the unanimous endorsement of the farm credit board in each farm credit district and of the presidents of the regional banks for cooperatives. We know of no objection to it.

The Farm Credit Administration recommends that the bill be enacted.

(The complete statement of Gov. R. B. Tootell follows:)

STATEMENT OF R. B. TOOTELL, GOVERNOR, FARM CREDIT ADMINISTRATION, BEFORE
THE SUBCOMMITTEE ON CONSERVATION AND CREDIT OF THE HOUSE COMMITTEE
ON AGRICULTURE ON H.R. 10310

Mr. Chairman and gentlemen of the committee, I appreciate the opportunity to appear before you and present the views of the Farm Credit Administration on H.R. 10310, a bill which would amend section 31 of the Farm Credit Act of 1933 relating to the board of directors of the Central Bank for Cooperatives.

Before discussing the provisions of the bill, I would like to make a brief general statement regarding the farm credit system, with particular emphasis upon the banks for cooperatives.

The Farm Credit Administration is an independent agency in the executive branch of the U.S. Government. The agency consists of the Federal Farm Credit Board, the Governor, and officers and other employees appointed by the Governor. The Federal Farm Credit Board is a part-time policy-making Board consisting of 13 members, 12 of whom are appointed by the President with the advice and consent of the Senate. In making the appointments, the President is required to receive and consider nominations by the three user groups in each farm credit district, namely, the Federal land bank associations, the production credit associations, and the farmers' cooperatives borrowing from the banks for cooperatives. The 13th member of the Board is designated by the Secretary of Agriculture as his representative on the Board.

The Farm Credit Administration supervises, examines, and coordinates the activities of the 37 banks and some 1,300 local associations which, together with the Farm Credit Administration, comprise the cooperative farm credit system. The Governor, under the general supervision and direction of the Federal board is responsible for the execution of the laws creating the powers, functions, and duties of the Farm Credit Administration. The expenses of the Farm Credit Administration are paid by assessments against the banks and associations of the system and not from U.S. Treasury funds.

There are in each of the 12 farm credit districts a Federal land bank, a Federal intermediate credit bank, and a bank for cooperatives. Each district has a farm credit board, the members of which also serve as the board of directors of each of the three district banks. Each district board consists of seven members, two elected by the Federal land bank associations, two by the production credit associations, one by the stockholders of the banks for cooperatives, and two are appointed by the Governor of the Farm Credit Administration with the approval of the Federal Farm Credit Board. There is a Central Bank for Cooperatives located in the District of Columbia which has a separate board of directors.

The Federal land banks provide farmers and ranches with long-term credit on farm real estate. These loans are made through approximately 800 Federal land bank associations scattered throughout the country. The Federal intermediate credit banks discount agricultural paper for 494 production credit associations and a small number of privately capitalized credit corporations and livestock loan companies, all of which make short-term loans to farmers. The banks for cooperatives make loans to farmers' marketing, purchasing, and service cooperatives.

The farm credit banks and associations do not lend Government money. Loan funds are obtained primarily through the sale by the banks of their bonds and debentures to the investing public. These bonds and debentures are secured by the assets of the issuing banks but they are not guaranteed by the Government either as to principal or interest.

Farmers and their cooperatives made record use of the farm credit system in 1959. Total borrowings from the system in the calendar year 1959 was \$4 billion compared to a net total in the calendar year 1958 of \$3.4 billion.

The amount of farm mortgage loans made by the Federal land banks increased from \$429 million in the calendar year 1958 to \$572 million in 1959. Many farmers borrowed to purchase land to enlarge their farms and to round out undersized units. Loans also were made to farmers to refinance and consolidate existing debts and to provide funds for major farm improvements and adjustments.

Loans made by the production credit associations increased from \$2.2 billion in the calendar year 1958 to \$2.5 billion in 1959. Higher levels of operating expenses and increases in the size of farm units contributed to this rise in production credit. Farmers also are tending to borrow more as agriculture shifts more to a commercial basis requiring larger amounts of operating capital.

Loans made by the banks for cooperatives increased from \$559 million in the calendar year 1958 to \$698 million in 1959. Farmers' cooperatives borrowed larger amounts to modernize and expand their operations to meet increasing needs of their farmer members. The volume of business handled by cooperatives has been rising in recent years.

The banks for cooperatives were organized under the Farm Credit Act of 1933. These banks can make loans only to farmers' marketing, purchasing, and service cooperatives. The loans may be made to assist qualified cooperative associations in financing necessary physical facilities, to provide them with supplemental operating capital and, on the security of commodities, to finance the processing and marketing of agricultural products.

The banks for cooperatives were established to replace certain lending activities of the old Federal Farm Board under the Agricultural Marketing Act of 1929, insofar as that Board was authorized to make loans to farmers' cooperative associations. They were capitalized initially by the United States out of the revolving fund from which the Farm Board made loans to cooperatives. In setting up the banks, it was the intention of Congress to replace Government lending with a plan under which borrowers would acquire a financial interest in their lending institutions similar to the plan followed by the Federal land banks. Borrowers were required to purchase stock in the banks equal to approximately 5 percent (a lower percentage in the case of certain type loans) of the amount of their loans. Upon repayment of the loan, the borrowers had the right to have the stock retired and to receive the proceeds in cash or have them applied as a payment on the loan. Borrower capital built up in this manner could not be regarded as permanent and, consequently, the banks had to have substantial amounts of Government capital in order to operate effectively. As the credit service of the banks increased over the years, capital stock subscriptions by the United States increased until they reached \$178.5 million in 1945. This amount was reduced to \$150 million at the time of enactment of the Farm Credit Act of 1955.

The Farm Credit Act of 1955 provided a plan for the systematic retirement over a period of years of the Government capital in the banks for cooperatives. This was to be made possible by the accumulation of permanent capital contributed by the borrowers from the banks. Under the 1955 act, borrowers from the banks are required to purchase stock (class C) in the banks in an amount related to the quarterly interest payments on their loans (from 10 to 25 percent as determined by the bank with the approval of the Farm Credit Administration). In addition, the net earnings of the banks, after reserves, Federal franchise taxes, and specified dividends on preferred stock (class B) are provided for, are required to be distributed in stock (class C) to the borrowing cooperatives. Government-owned stock (class A) in the banks is required to be retired each year in an amount approximately equal to the amount of stock (class C) issued for that year to borrowers. Under this plan of operation, funds from regular investments in stock by borrowers and from net earnings of the banks are being used to retire Government capital in the banks. When all Government capital in the regional banks is retired, the borrowing cooperatives will own all of the stock of these banks.

A word about the function and capital stock structure of the Central Bank for Cooperatives. The law provides that the central bank shall make direct loans to cooperative associations only in cases where it is not practicable for them to be made by the regional banks. Therefore, the lending activity of the central bank is limited largely to participations in loans by the regional banks which exceed the lending limits prescribed by the Farm Credit Administration for these banks and the making of short-term loans to the regional banks. The central bank makes very few direct loans to cooperative associations. Under the law, when the central bank participates in a loan by a regional bank, the borrower purchases all of its stock (class C) in the regional bank which then purchases stock in the central bank in proportion to the central bank's participation in the loan. Also, a direct borrower from the central bank, instead of purchasing stock in the central bank, is issued stock in one or more regional banks which in turn purchase a like amount of stock in the

central bank. This same pattern of stock ownership is followed in the payment of patronage refunds by the central bank, that is, the stock is issued to the regional banks which in turn issue stock to the borrowing cooperatives. Thus, all of the stock (class C) in the central bank is owned by the regional banks and the borrowers own their stock in the regional banks. When all Government capital in both the regional banks and the central bank is retired, the cooperative borrowers will also own the central bank by reason of their ownership of all of the stock of the regional banks. Both the regional banks and the central bank have issued some preferred stock (class B) which is held by borrowing cooperatives and a few other investors.

As of January 30, 1959, the banks for cooperatives had retired \$23.7 million of Government-owned stock since the Farm Credit Act of 1955 became effective on January 1, 1956. This reduced the amount of Government capital in the banks for cooperatives to \$126.3 million compared with a peak of \$178.5 million in 1945 and \$150 million on January 1, 1956, when the present stock retirement plan became effective.

Under present law, the board of directors of the central bank consists of 7 members, 4 appointed by the Governor of the Farm Credit Administration with the approval of the Federal Farm Credit Board and 3 elected by the 12 regional banks for cooperatives and the cooperative associations which are borrowers from and stockholders of the banks for cooperatives. The regional banks and the cooperative associations each have one vote in these elections. The law provides, however, that when the Government-owned stock in the central bank is reduced to one-third or less of the total net worth of the bank (capital stock, plus surplus and reserves), the Governor of the Farm Credit Administration shall appoint only one director and six shall be elected. For the present elections, the 12 farm credit districts are grouped into 3 areas, 4 districts in each area, 1 director being elected from each area. Under the present law when 6 directors are to be elected, the 12 districts would be grouped into areas of 2 districts each and 1 director elected from each area.

The bill before you would make two important changes in the Farm Credit Act of 1933. First, it would increase the number of directors of the central bank to 13 in order that each of the 12 farm credit districts may be represented on the board. The 13th member of the board (the director-at-large) would be the representative of the Governor on the board and would always be appointed by him. Second, it would provide for the election of such directors by the boards of directors of the regional banks rather than by the regional banks and the cooperative associations borrowing from the 13 banks. The bill would also make a few other changes of a minor sort.

The full effect of the bill may be summarized as follows:

1. It would terminate the term of present directors of the central bank and, beginning January 1, 1961, increase the number of directors from 7 to 13 members, 7 of the 13 to be appointed by the Governor of the Farm Credit Administration with the approval of the Federal Farm Credit Board and 6 to be elected by the boards of directors of designated regional banks for cooperatives. Initially, the Farm Credit Administration would determine which six districts would be represented by appointed directors and which six would be represented by elected directors. Thereafter, each appointed director would be succeeded by an elected director and each elected director by an appointed director, unless otherwise required as explained in the next paragraph.

2. Whenever the Government-owned stock in the central bank is reduced to one-third or less of the bank's total net worth (capital stock, plus surplus and reserves), the Governor of the Farm Credit Administration would appoint only 1 director (the director-at-large) and 12 directors would be elected, 1 each from the 12 farm credit districts. If the Government-owned stock in the central bank should thereafter increase to more than one-third of such total net worth, the elected directors would be gradually replaced by appointed directors until the total of elected directors is reduced to six. This is similar to the present law under which six of the seven directors will eventually be elected. The director-at-large would always be appointed by the Governor.

3. The eligibility requirements for directors of the central bank are substantially unchanged, except that (a) each director (other than the director-at-large) must have been a resident of the district for which appointed or elected for at least 2 years prior to such appointment or election, (b) a member of a district farm credit board would not be prohibited from also serving on the central bank board, and (c) no person would be eligible to serve for more than two full terms as a director for a district, plus any elected or appointed term

of less than 3 years which expires immediately preceding his election or appointment to a full term.

Our purpose in presenting this bill is to provide a more representative and balanced board for the central bank. The composition of the new board would also be more in keeping with the historic 12-district setup of the farm credit system. It seems to us that each of the farm credit districts should have a representative on the board of the central bank.

In regard to the change in voting for elected directors, it is our view that the privilege of electing directors should be reserved to the stockholders of the central bank, as is the practice among corporations generally. The cooperative associations which now may vote in these elections do not own stock in the central bank and eventually, when the Government-owned stock is retired, the central bank will be owned entirely by the regional banks for cooperatives. For this reason, we believe it is more appropriate that the election of a central bank director from a district should be by the bank for cooperatives in the district. This would, of course, mean that the board of directors of the bank would elect such director. The cooperative associations which are now eligible to vote for central bank directors have shown no great interest in such elections as indicated by the small percentage of them which have voted in the past three elections. These cooperative associations will, however, continue to be eligible to vote in the elections for members of the district farm credit boards in which they have a more direct interest.

H.R. 10310 has the unanimous endorsement of the farm credit board in each farm credit district and of the presidents of the regional banks for cooperatives. We know of no objection to it.

The Farm Credit Administration recommends that the bill be enacted.

Mr. POAGE. Are there any questions?

Mr. JOHNSON of Wisconsin. You say that the cooperatives now have a vote in the election of directors to the central bank. Under this you are taking that vote away from them, is that correct?

Governor TOOTELL. This bill would propose to take away from the cooperatives that are borrowers from the regional bank the privilege of voting for central bank directors. They would continue to have the privilege of voting for the regional bank directors. It is the regional bank in which they own stock. They are not stockholders of the Central Bank for Cooperatives.

Mr. JOHNSON of Wisconsin. They do borrow from the regional bank, but they do not borrow from the central bank?

Governor TOOTELL. They do not borrow directly from the central bank. If it is a large loan, one beyond a certain percentage of the net worth of the regional bank, then the regional bank sells a participation for the remaining amount of that to the central bank.

Mr. JOHNSON of Wisconsin. Would not the directors that you have on the regional bank boards determine whether they will take the loan or turn it down? Are you going to get more conservative types of directors this way?

Governor TOOTELL. I do not think so at all. As a matter of fact, it is my belief that most of the directors on the central bank board, whether they be appointed directors or elected directors, would be, also, directors of district banks, so that you would have a closer tie-in than we have had in the past between the management of the central bank and the district banks.

Mr. JOHNSON of Wisconsin. That is all. Thank you.

Mr. POAGE. You have something about the eligibility requirements for directors of the central bank—you go into that somewhere in your statement.

Governor TOOTELL. That would be at the bottom of page 8, I believe, Mr. Poage, which changes the eligibility for directorship.

Mr. POAGE. That is it. It would be to the effect that they shall not be prohibited from being on the central bank board?

Governor TOOTELL. Presently, they are prohibited.

Mr. POAGE. Under this bill they can elect one of their own members to serve on this board?

Governor TOOTELL. That is true, sir.

Mr. POAGE. It would seem to me there might be a little problem there. What is the reason at the present time for not allowing it and the reason for changing it?

Governor TOOTELL. I do not know, actually, the reason why in the past they have not been permitted to serve. Perhaps, our General Counsel, Mr. Bagwell has an explanation.

Mr. BAGWELL. I think, Mr. Chairman, the only reason is that is the pattern of the farm credit system, for members of one board not to serve on another board. And for that reason the district board members have been precluded from also serving on the central bank board.

Mr. POAGE. Why is it being changed or suggested to be changed?

Mr. BAGWELL. The only thought was that since the regional banks are the stockholders of the central bank, the stockholders should be permitted to elect one of their board members to serve on the central bank board and not have to go outside.

Mr. POAGE. I think that sounds perfectly logical. When you say "the stockholders," is he not a member of the board, who should have direct control over that bank?

Mr. BAGWELL. Yes.

Mr. POAGE. They are the ones?

Mr. BAGWELL. That is correct.

Mr. POAGE. Of course, any borrower from that bank is a stockholder?

Mr. BAGWELL. Yes.

Mr. POAGE. But to the extent that the only borrower is the cooperative, nobody owns that bank excepting in a very indirect relationship between the owners and the operation of the bank, is that not correct?

Mr. BAGWELL. No, sir. The borrowing cooperatives, of course, will eventually own all of the stock of the regional banks for cooperatives. They have a direct voice in the election of the district boards. And then it would be the district board that would elect one member to the central bank board. It was our thought that we ought not to make the members of the district boards ineligible to serve on the central bank board.

Mr. POAGE. I think what you are doing is to completely change the process that we have had. You just say that they are not prohibited, but for all practical purposes only directors will be elected, will they not?

Governor TOOTELL. Yes, I think they would. I believe there will be a liberal sprinkling of people who are prominent in the management of borrowing cooperatives, that is, cooperatives that are borrowers of the district banks, elected to the central bank board. It will not be exclusively a matter of the district board members being chosen for that.

Mr. POAGE. I cannot conceive of a board not selecting one of their own members.

Governor TOOTELL. Well, for a period of time—for several years, as a matter of fact—seven of the board members will be appointed by the Farm Credit Administration.

Mr. POAGE. I understand that. That is through appointment.

Governor TOOTELL. I am inclined to believe that we will see elected directors from other than district boards, too.

Mr. POAGE. If you do that, you will break down the whole purpose of this bill, as I see it. The purpose of this bill, as I envisage it, is to have representation from the 12 regions.

Governor TOOTELL. You would still have that, sir. The person who is not a member of the district board would still be selected by the district board, and he would be a person entirely satisfactory to the district board—he would have to be, before they would appoint him. As to the total number that the districts are entitled to have as representation on the central bank board they would all be selected by the district board, whether or not it was from their own membership or from the membership of their borrowers. That is the point at issue.

Mr. POAGE. I have always found these small boards not likely to select somebody else. There may be nothing wrong with that, of course.

Mr. BAGWELL. I believe that in your own State you will find the board at Houston possibly going outside of its membership to get a member of the central bank board, if this bill should be enacted.

Mr. POAGE. They would not have to go outside.

Mr. BAGWELL. They would not.

Governor TOOTELL. I might make that quite concrete. This is bringing names into it. For instance, Mr. Wilmer Smith, whom you know very well, a very able cooperative leader in your State, is a member of the central bank board at the present time and has been for some time, he being one we have appointed. It would not surprise me at all if the Houston board might decide that they would like to have Mr. Wilmer Smith continue, and to make sure that he continued they would designate him, rather than one of their own board members, rather than take a chance that our office might not reappoint him. I am sure that they would like to see Mr. Wilmer Smith continue to represent their district on the board.

Mr. POAGE. You would not have an opportunity to reappoint if the Houston board had an opportunity to name anybody. You will not have the opportunity, except for the one man at large.

Governor TOOTELL. That is eventually only one, but until such time as Government capital in the central bank is reduced to a point where it does not exceed 33 percent of the total net worth, our office will continue to appoint seven.

Mr. POAGE. I understand that, but the banks are going to elect six. You are going to let six of these districts name Board members.

Governor TOOTELL. Yes.

Mr. POAGE. But if Houston as one of those districts named a member, you will not name another member for that same district?

Governor TOOTELL. That is exactly right. We could not. It would defeat the purpose of this proposed legislation to do that.

Mr. POAGE. Well now, as you go along and as the banks acquire larger amounts of the capital stock, there is no provision in this bill that would encourage any one bank to try to pay out any faster.

Governor TOOTELL. That provision is in the present legislation, Mr. Chairman, in the act of 1953. That provides that when a district bank for cooperatives retires Government capital down below a point where it does not represent more than one-third of the total net worth of the bank, then the borrowing farmer cooperatives in that district may elect an additional director to the district board to replace one appointed by the Governor of the Farm Credit Administration.

Mr. POAGE. What I mean is this, as I understand it, there is no incentive here for a particular bank in the future to try to pay out, for example, for Louisville to try to pay out ahead of St. Louis, and so forth and so on.

Governor TOOTELL. Only, for example, that the Houston Bank wants to have its farmer cooperatives elect a second co-op man to the district board as soon as they can. As a matter of fact, they are paying ahead of schedule and it is anticipated that they will be in a position to elect a second co-op man to the district board by 1962, I believe.

Mr. POAGE. To the district board?

Governor TOOTELL. Yes.

Mr. POAGE. It is a fact that the Houston district gets no more representation on the Central Board if they do that, than if they make no effort to pay out.

Governor TOOTELL. That is true.

Mr. POAGE. Should there not be some reward there to those that do pay out?

Governor TOOTELL. Let me back up on this and say that this legislation has been strongly urged by the boards of directors and by the presidents of the banks of cooperatives in all of the 12 districts. They seem to feel that there is adequate incentive in it. Actually, there are three or four of the banks that will retire their Government capital down to this one-third level within a period of the next 2 or 3 years.

Mr. POAGE. You appoint or one of the banks elect a director. One of the banks has not paid its Government capital down to one-third or less might still have an appointed director—why would that not work?

Governor TOOTELL. You give us a cue as to how we might designate it. It is possible that if this legislation passes our office in deciding which districts shall have elected directors and which shall have appointed ones, might take that into account, sir, and designate as those that are to have elected directors, the ones that have made the best showing in this. It would be very difficult, I think, to incorporate that in legislation.

Mr. POAGE. You see what I am talking about?

Governor TOOTELL. Yes, I think an idea like that has merit. It is possible that we would make some use of it.

Mr. BAGWELL. I think that one of the difficulties is that if you do not make the election of an additional board member turn on the reduction of Government capital in the Central Bank, rather than in the district, you might wind up having a board of 12 elected directors managing a corporation, the Central Bank, which was essen-

tially Government-owned. I believe had we made that proposal to the Bureau of the Budget—

Mr. POAGE. That is not the proposal I am thinking of. Maybe mine does not make any sense. I am thinking in terms that there are certain banks which have paid out their share of the Government capital.

Governor TOOTELL. There are none who have paid down. There are four that are approaching that.

Mr. JOHNSON of Wisconsin. What four are those?

Governor TOOTELL. Wichita, Berkley, Houston, and St. Louis. They would be the nearest to it, I believe.

Mr. POAGE. I can see where we cannot just say that you have to pay down to that before you get to elect a director, because we would not have any elected directors at the moment. You say that we have four near that point. As any one bank pays its share, its proportionate part down to one-third, that bank might then elect its director. That would mean that over a period of years you would lose your six appointed directors, and the six appointed directors would turn into elected directors gradually over a period of time.

Mr. BAGWELL. I think, Mr. Chairman, and I come back again to what I was saying, that you could wind up with a board of 12 elected directors of the Central Bank at a time when the Central Bank was mostly owned by the Government.

Mr. POAGE. I do not see or cannot see how you could, because as each bank pays its proportionate share down to one-third; by the time that you got 12 elected directors, everybody has paid down to one-third.

Mr. BAGWELL. We are talking now not about the retirement of Government capital in the regional banks, but rather in the Central Bank.

Mr. POAGE. That is what I am talking about. It is in the Central Bank. I am talking about each bank having a proportionate share that they are supposed to pay off.

Governor TOOTELL. Not a proportionate share of the Central Bank's capital. They are each required to pay off whatever investment the Government has in their bank.

Mr. POAGE. I know that. Everybody underwrites everybody else. I understand that. If Houston goes broke, St. Paul has to take that up—all of the other banks have to make it up. I understand that each one guarantees the obligations of all of the others.

What is the capital in the Central Bank now?

Governor TOOTELL. The Central Bank capital is a total of \$52,700,000, approximately, of which \$45 million is still Government capital.

Mr. POAGE. That would be about 4 million a bank for each of the 12 banks. Their obligation is in proportion to their own capital structure, I assume.

Governor TOOTELL. That is correct.

Mr. POAGE. But it would still leave the total obligation of \$52,700,000 to be paid off. I know nothing about how you figure that. It runs pretty high, does it not? That means that Berkley would have to pay off something like \$7 million, and let us assume that, and St. Paul would have to pay off about \$2 million—those are just hypothetical figures. What I am saying is that when that is paid off, two-

thirds of the \$7 million, Berkley would elect a director. And when St. Paul has paid off two-thirds of her \$2 million she would be allowed to elect a director. You never would lose control of the bank until the Government stock had been paid down.

Governor TOOTELL. This proportion actually is in terms of the net worth. It is the relationship between the Government capital and the total net worth which includes the surplus and reserves, as well as the total capital stock, and that complicates this a bit.

The Government capital, as you indicated, is not divided evenly between the banks, but rather, approximately, in proportion to the volume of business that they have had over a period of years. That is the basis of allocation.

Mr. POAGE. Perhaps we ought to make some comment in our report on this bill that we expect the Governor and the board to grant voting rights to those banks which have shown a record for reducing their debt. It certainly seems to me that if, for example, Berkley paid out and Louisville does not, Berkley ought to elect a representative of their own.

Governor TOOTELL. Berkley's paying out may have nothing to do with the attitudes nor the desire and the businesslike way in which they run the organization. They might simply have been fortunate in having a greater total amount of business.

Mr. POAGE. That is true. And when they carry out these obligations they are doing a better job.

Governor TOOTELL. But actually, this plan does not differ from the plan that is in effect now under the act of 1955.

Mr. POAGE. I know that. You just in effect double it.

Mr. BAGWELL. That is right.

Mr. POAGE. How are you going to elect the directors, anyhow—how are you going to select them?

Governor TOOTELL. I have thought in terms of just flipping a coin and deciding whether it would be the even-numbered or the odd-numbered districts. That was one thought that I had on it. They have to reverse the next time, you see. So it would not make too much difference which one you permitted to elect the first time.

An alternative that might grow out of this suggestion of yours is that it is possible that we could start out with the six that retired the largest amount of Government capital in their own regional bank. And by the same token, where they have made the greatest proportional contribution to the retirement of Federal capital in the system.

Mr. BAGWELL. I think the thing we have to be careful about is that we do not have a board composed largely of elected representatives of the stockholders who are running a corporation which is, essentially, a Government corporation by reason of the amount of Government capital in it. The pattern in the whole farm credit system has been that until the Government capital is reduced to this point we spoke of the majority of the Board must be people appointed by the Governor who is a Federal official. I believe it was on that basis that we have been able to get clearance of this type of legislation with the Bureau of the Budget. They have insisted that the Board must be largely Government appointed when the bank is largely Government-owned.

Mr. POAGE. I do not think that this committee disagrees with that.

Mr. BAGWELL. I would think not. You have a good idea it seems to me if you could be sure that when you got a majority of the Board elected you had reduced this Government capital down to the point that the bill contemplates. I am not sure that it would—I just do not know.

Governor TOOTELL. I might say, Mr. Chairman, I have a feeling that this matter of alternating each year in the election and the appointment would make it extremely difficult to try to work this out in a manner which would give preference.

Mr. POAGE. That program disturbs me somewhat. I think that you get a great deal of benefit from having experience on this board. Inexperience is about all you will get into here. I can understand that people drop off and that sort of thing and you will appoint new ones, but you are setting up machinery now which contemplates a change every 2 years.

Governor TOOTELL. It could happen. That would be true only if the Governor's office were feuding with the districts, and we are not, and I do not contemplate that my successor would be. And I think that in a high percentage of cases that a man who is elected, from the Houston district we will say, as an example, the first time when his term expires very likely would be appointed for another term.

Mr. POAGE. I think that is true.

Of course, I know Mr. Wilmer Smith, too. He was here last week. He is an outstanding man. I believe he would be retained by either appointment or election. I think that is exactly right. If you gave them the right to elect they would, probably, elect him. And you would, probably, appoint him.

Governor TOOTELL. I am sure.

Mr. POAGE. While Wilmer Smith is outstanding, I am sure that he is more or less typical of all of your board members, rather than the exception.

Mr. Short made the point that there is no difference in the eligibility requirements to appoint or to elect directors. I am sure that there is not.

Governor TOOTELL. The only one for which there is any difference in the eligibility requirement is the 13th member of the board. There is a slight difference there.

Mr. BAGWELL. The 13th member might be from any place in the United States, whereas the district board representative has to be a resident of the district for 2 years prior to his election or appointment.

Mr. SHORT. Other than that, there is no other requirement?

Mr. BAGWELL. That is right.

Mr. POAGE. Did you have anything else that you wanted to discuss?

Governor TOOTELL. I do not believe so.

Mr. POAGE. We are very much obliged to you. Mr. Short desires to ask a question.

Mr. SHORT. Are the other statements here in accord with this?

Governor TOOTELL. So far as we know, Mr. Short, they are.

Mr. JOHNSON of Wisconsin. There is the National Council of Farmers Cooperatives who are to appear.

Mrs. GALLAGHER (clerk). They are here to testify.

Governor TOOTELL. Thank you very much, Mr. Chairman.

Mr. POAGE. Thank you.

Mr. Jackson, I notice, is here from the National Grange. We will be glad to hear from you.

STATEMENT OF C. W. JACKSON, REPRESENTING THE NATIONAL GRANGE

Mr. JACKSON. Mr. Chairman and members of the committee, I might explain that this statement is by the master of the Grange. He is acting as host to the North American Conference of the International Federation for Agricultural Producers this morning and had to preside at the meeting. And he asked me to come over and present his statement in his behalf. And in the interest of saving time, Mr. Chairman, if I may, in view of the expert witnesses, I will just submit this statement with comments on two brief parts of it.

Mr. POAGE. Without objection, that will be done.

(The prepared statement of the National Grange by Herschel D. Newsom follows:)

STATEMENT OF THE NATIONAL GRANGE BY HERSCHEL D. NEWSOM

The Grange is pleased to bring before this subcommittee its viewpoints concerning H.R. 10310.

H.R. 10310 is designed to amend the Farm Credit Act of 1933 to provide for increased representation by regional banks for cooperatives on the Board of Directors of the Central Bank for Cooperatives.

The Grange favors the passage of this legislation as another step in the orderly over-the-years development of the cooperative farm credit system.

The Congress and its agricultural leadership, in our opinion, may be eminently proud of its sound record of authorizing and guiding, progressively since 1916, this useful cooperative credit tool which has meant, and continues to mean, so much to the welfare of the farmer, the rancher, and his cooperative services. The cooperative farm credit system stands as a monument today to the statesmanlike efforts of dedicated Americans who have served their country, both in and out of Congress.

The Grange is proud to have had a hand in this movement since its inception. It is our opinion that government has been used wisely in the evolution of the farm credit system. It has enabled farmers to help themselves in the process of developing a mechanism which, when coupled with both the private and governmental sources of credit which are available, constitutes the finest and most satisfactory total system of credit ever experienced by farm people.

In an effort to conserve the time of the committee, I shall comment only briefly on the details of the bill, since others in position of responsible understanding are here to discuss them.

Basically, the bill increases from 7 to 13 the members of the Board of Directors of the Central Bank for Cooperatives. We see this advantage in making the change: The move would give each of the 12 farm credit districts, as stockholders in the central bank, a representative on the board. (The 13th member is appointed at large.) Under the present system with only one-half of the 12 districts being represented at any one time, the board cannot be quite as well rounded nor as broad and comprehensive in its policy as it would be with all 12 districts represented.

The Federal Farm Credit Board itself sets a precedent for this. It is made up of 13 members. The advantage of this becomes clear when the function of the Central Bank for Cooperatives is viewed as envisioned in the 1955 legislation which set it up.

In the case of a cooperative that is more national in scope than it is regional, it is logical, as a rule, to assume that its credit needs will be better served by the central bank than by any one of the regional banks for cooperatives. The Central Bank for Cooperatives is equipped to make these loans.

The central bank also is designed to make loans to the various district banks. (In case a loan is too large for one of the district co-op banks to make, then the central bank may share that loan.)

Since the business of the Central Bank for Cooperatives involves each of the 12 district banks, each of the 12 banks should clearly be represented on the Board of the Central Bank.

Except for a change in the number of members serving on the Board of Directors of the Central Bank, S. 2977, as I understand it, changes none of the basic features of the Agricultural Credit Act of 1955. Further, it makes no changes in the eligibility of the board members, except as follows:

1. A member of a district farm credit board is not barred from serving on the Board of the Central Bank for Cooperatives.

2. No person is eligible to serve more than two full terms on the Central Bank for Cooperatives Board.

3. Each of the 12 directors representing regions or districts must have been a resident of the district for which he would serve for at least 2 years prior to being considered for the post.

Insofar as additional expense is concerned, this would not involve more than a few thousand dollars, since the Board for the Central Bank only meets four times a year. The cost of the seven-man board is something like \$9,000 annually. The 13-man board would be only proportionately more expensive but such expense would be fully justified.

We would suggest that the committee amend the proposed legislation in such a way as to make certain that the members of the board are truly bona fide men of experience in farm cooperative service.

Grange interest in the progressive development of the cooperative farm credit system dictates that we seek approval by the Congress of this measure to further improve the ability of the total farm credit system to be responsible to agricultural credit requirements and serve American farmers even better in the future.

Mr. JACKSON. If you will look on page 3, at the top, Mr. Newsom is, also, somewhat in a hurry—he refers to S. 2977 which, I understand, is a companion bill to this in the Senate. And that should be changed to H.R. 10310.

Then in the next to the last paragraph of that page he says—

We would suggest that the committee amend the proposed legislation in such a way as to make certain that the members of the board are truly bona fide men of experience in farm cooperative service.

We do not have, nor have we drafted such a recommended amendment, but I understand that Mr. Riggle who is, also, here from the National Farmers Cooperatives has an amendment that Mr. Newsom has looked over and approves.

So with those comments, I will submit the statement.

Mr. POAGE. How about those to be elected?

Mr. JACKSON. Those, I believe, are the appointed members, because I heard them discussing it the other day, and they did not know how—rather, I will let Mr. Riggle comment on his amendment.

Mr. POAGE. Thank you very much.

Mr. JACKSON. Thank you.

Mr. POAGE. Mr. Riggle, we will be glad to hear from you now.

STATEMENT OF JOHN J. RIGGLE, SECRETARY, NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. RIGGLE. Mr. Chairman and members of the committee, the National Council has no specific policy with regard to this particular bill, but we believe it is sound farmer cooperative business principle that each district bank for cooperatives, which acquires ownership of the

stocks of the Central Bank for Cooperatives as the Government capital is retired, and thus assumes responsibility for the finances and operation of the central bank, under the Farm Credit Act of 1955, should be directly represented on the governing Board of Directors. This is necessary if the banks are to be informed and prepared to act on policy matters intelligently.

If the subcommittee considers the bill favorably, we urge that it be appropriately amended to provide that directors appointed by the Governor of the Farm Credit Administration and elected by the district banks for cooperatives on the Board of Directors of the central bank be further qualified by requiring that they be experienced with the business and financial operations of agricultural cooperatives through active farmer cooperative experience in the farm credit districts which they represent. The financing of cooperative facilities, of the commodities which they handle, and of their operations, and cooperative financial structure are different from financing farm real estate and farm operations in which land banks representatives and production credit representatives in the district may have experience, although of course, there are potential district representatives who are familiar and experienced in two or all three of these fields of farm credit system operations.

Under the laws which were superseded by the farm credit acts of the 1950's, directors of the district and central banks for cooperatives were selected from the farmer cooperatives who were, of course, the direct stockholders in both banks.

And in line with that suggestion we have drawn up a suggested amendment to insert in line 11, page 4, the following (and it has to do with qualifications):

And shall have had experience with the business and financial operations of agricultural cooperatives.

In other words, on the district bank board with respect to the number from which they are expected to come, there are those representatives of production and representatives of the land bank.

Mr. POAGE. This is strictly a suggestion. Just last night I was with a friend of mine discussing a provision in the constitution of Texas which provides that the county judge shall be a person "well versed in the law." It seems to me that you are in effect quoting from the constitution of Texas. Surely the effect of such an amendment is that just as anybody on earth could be elected the county judge so anybody on earth could be appointed under this amendment. When you say a man "with experience," I do not see that it adds anything to the meaning of this language. That is what I am trying to say.

Mr. RIGGLE. I think, perhaps, there might be occasions when this might not happen.

Mr. POAGE. You have not seen some of our county judges or you would understand.

Mr. RIGGLE. This contemplates that they will have experience in the operation of the business and the financial operations of an agricultural cooperative. And a good many of these others do not have that.

There has been some question raised about the effectiveness of this, as you say, as to the language.

Mr. POAGE. It seems to me that we are just getting into a proposition where we are splitting hairs about it.

Mr. RIGGLE. I do not think that it is quite that simple, Mr. Chairman, because we have some borrowers, let us be frank about it, in the land banks who are hardware dealers and bankers and so forth who are not particularly interested in the success or the competing cooperatives out there.

Mr. POAGE. But, Mr. Riggle, I do not want the record to stand that Texas is the only State that has meaningless provisions in its legal structure.

For instance, we have such things as bipartisan commissions. Those things just do not work. I do not want any of these bipartisan commissions. They get the renegades of both parties. The Republicans who claim to be Democratic and the Democrats who claim to be Republicans.

I am not opposed to your proposition, I do not mean to say that; but I think that it is all words and very little meaning.

Mr. RIGGLE. Let me discuss it a little further. There has been some question raised, as you have raised it, about the effectiveness of this amendment. We have two or three suggestions about that.

One, there is now a disposition on the part of the present Governor to appoint and of the districts to elect directors of the central bank with these proposed qualifications as evidenced by the caliber of the present Board of Directors. That is right in line with what you have said.

Two, if the directors were appointed and/or elected and failed to meet these qualifications, and it might happen in a few instances, that might be a rather serious one with regard to borrowers, we believe that stockholders would soon react to change the directors of the district banks and the members of the Federal farm credit in order to get them with qualifications necessary, if that became a flagrant violation.

And three, in extreme cases, in regard to the requirement which might be persistent and repeated, when such qualifications are written into a Federal statute, as a last resort, we believe that on a proper showing by the interested parties, the U.S. district court could void an appointment or election which was made outside of the qualifications. We doubt if it would ever come to that, but the fact that the qualifications are written into the statute makes this persuasive with everybody concerned.

That is our feeling about this, and we do think that in probably one or two instances in the whole country this might be a rather serious thing some time.

Mr. SHORT. I sympathize with the objective of wanting to raise the stature of the Board member, but in the final analysis who is going to make the determination as to these qualifications in the event of some difference of opinion? You will be back where you were in the first place.

Mr. RIGGLE. As I say, in the last statement, I think the fact is that it is written into the statement that it makes it rather persuasive.

Mr. SHORT. The fact that this individual being considered for appointment to the position on the Board as a Director of the Bank for Cooperatives, more or less is a foregone conclusion that nobody would be appointed who was not in some way qualified.

Mr. RIGGLE. We think in 99.9 percent of the cases that is right, but we think that there may be one case and it might be a rather serious one where a person who was highly experienced in banking or something else, moved out there and got onto the district board, and they thought because of his special qualifications in that line that he should be on the Central Bank Board, and yet he may have no sympathy for or may be opposed to the whole principle of this.

Mr. SHORT. Who is going to make the determination that he was not qualified? You say that because he is not sympathetic he should not be on the Board. But is the determination going to be made on the basis of his sympathy with the objective of the program?

Mr. RIGGLE. No, on an experience basis.

Mr. JOHNSON of Wisconsin. He might have no history where he was connected with a cooperative organization.

Mr. SHORT. He might be more sympathetic than this experienced individual.

Mr. JOHNSON of Wisconsin. He has to have that qualification of experience.

Mr. RIGGLE. It states shall have had experience with the business and financial experience of an agricultural cooperative. Sympathy is not a qualification, except that it might be a byproduct. It is the experience in that thing that we are interested in.

Mr. POAGE. Are there any further questions? If not, we thank you very much.

Mr. RIGGLE. Thank you.

Mr. POAGE. Does anybody else want to be heard—is there anybody here who wants to be heard, let us hear him now. If not, the committee stands adjourned.

(The following statement was submitted to the subcommittee and is inserted in the record.)

STATEMENT OF E. M. NORTON, SECRETARY, NATIONAL MILK PRODUCERS FEDERATION

On behalf of the dairy farmers and the dairy cooperative associations represented through the National Milk Producers Federation, I want to express our appreciation for the privilege of submitting this statement in support of H.R. 10310.

The federation is a national farm organization. It represents approximately half a million dairy farmers and some 800 dairy cooperative associations which they own and operate. Through these cooperatives farmers act together to process and market in their own plants at cost the milk and butterfat produced on their farms.

Dairy farmers and dairy cooperatives are directly interested in the banks for cooperatives. Many of the dairy cooperatives represented through the federation are current borrowers from the banks and others expect to use them in the future. Loans made by the banks to dairy cooperatives and outstanding as of June 30, 1959, totaled \$55 million. Dairy cooperatives are the second largest class of borrowers from the banks, grain cooperatives being the largest.

The banks for cooperatives provide an adequate and understanding source of credit in a specialized field. Cooperatives using them would be handicapped in many instances in finding adequate and reasonable financing without the aid of the banks. Those which are not presently using the banks are strengthened and encouraged by the knowledge that a dependable and discerning source of credit is available for use when needed.

The bill under consideration is another step in the overall plan under which the various farm credit lending institutions are advancing steadily toward the goal of farmer ownership and farmer control.

The 12 Federal land banks have been completely owned by their farmer-members since 1947. Approximately 97 percent of the capital stock of the 495

production credit associations is now owned by the members of the associations. The Farm Credit Act of 1956 set up a plan for gradual retirement of the Government capital in the Federal intermediate credit banks and more than \$20 million of the stock in these banks has now been taken over by the production credit associations.

Prior to the passage of the Farm Credit Act of 1955, there was no satisfactory provision for the retirement of the Government capital in the banks for co-operatives. The federation and its dairy cooperative members strongly supported that legislation, even though it meant that contributions toward capital in the banks would have to be made in addition to interest payments on loans.

We are proud of the progress that is being made by cooperatives under the 1955 law. In the few years that the law has been in effect, cooperatives have retired almost \$24 million of the Government capital. Cooperatives now own a total of approximately \$38 million stock in the banks as against Government capital of \$126.3 million.

We would like to express once more our appreciation to this committee and to the Congress for having provided the necessary legislation which made possible this impressive showing.

Woven through the farm credit legislation is the principle that as the borrowers from the various lending institutions retire the Government capital greater control over the institutions will be given the borrower-stockholders through the election of directors.

The present bill would increase the number of directors in the Central Bank for Cooperatives from 7 to 13, thus providing representation from each of the farm credit districts. At the present time it would provide for six of the directors to be elected by the boards of directors of regional banks. The remaining seven directors would be appointed by the Governor of Farm Credit Administration with the approval of the Farm Credit Board. As the Government capital in the Central Bank becomes further reduced, 12 of the directors would be elected through the regional banks. The director at large would always be appointed by the Governor of Farm Credit Administration.

Representation of the 12 farm credit districts on the board of directors of the Central Bank is sound, we believe, and so is the principle of greater elective representation as the Government capital is retired.

We therefore support the bill under consideration and urge its enactment.

(Whereupon, at 12:10 p.m., the subcommittee adjourned.)

WATERSHED PROJECTS

H.R. 12849

APRIL 11, JUNE 8 AND 30, 1960

WATERSHED PROJECTS

MONDAY, APRIL 11, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSERVATION AND CREDIT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met pursuant to notice at 10 a.m., in room 1310, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Johnson of Wisconsin, Breeding, Stubblefield, Short, and Pirnie.

Also present: Christine S. Gallagher, clerk; Hyde H. Murray, assistant clerk; and John J. Heimbarger, counsel.

Mr. POAGE (presiding). The subcommittee will please come to order.

We are here this morning to consider four watershed projects. The first is the watershed work plan for the Vineland area tributary to the Arkansas River watershed, Colorado.

This project has been approved by various State agencies. Mr. Heimbarger, do you have a report on it?

Mr. HEIMBURGER. Yes, Mr. Chairman. This is a Colorado project.

Mr. POAGE. That is the first one listed here.

Mr. HEIMBURGER. This is a watershed work plan for the Vineland area tributary to the Arkansas River in Colorado.

The local sponsoring organizations are the Bessemer Soil Conservation District and the Pueblo Soil Conservation District. It has been approved by the Governor of the State and the various Federal agencies.

I will read the first few paragraphs of the report, which is a general description of the project:

The watershed work plan for watershed protection and flood prevention for the Vineland area tributary to the Arkansas River watershed, Colorado, was prepared with the technical assistance provided by the U.S. Department of Agriculture. The plan includes a combination of land treatment and structural measures which will contribute directly to soil and water conservation, watershed protection, and flood prevention.

The watershed work plan covers an area of approximately 17.4 square miles or 11,110 acres in Pueblo County, Colo.; approximately 49.4 percent of the watershed is cropland; 44.1 percent is grassland; and 6.5 percent miscellaneous usage, such as roads, schools, farmsteads, the town of Vineland, irrigation supply ditches and laterals, and the abandoned Idlewild Reservoir. No irrigation developments or other water management structural measures are involved.

The work plan proposes a 5-year project for the protection and development of the watershed at a total estimated installation cost of \$654,807. Public Law 566 share of this cost will be \$410,765. The other share of the cost will be

\$244,042. The structural installation period will be 2 years. Structural and land treatment measures will be planned and applied in compliance with Colorado State laws.

Mr. JOHNSON of Wisconsin. About one-half a million?

Mr. HEIMBURGER. \$410,000 out of \$654,000.

Mr. POAGE. How big did you say it was?

Mr. HEIMBURGER. It is about 11,100 acres—it is rather small.

This is the general summary of it.

Mr. POAGE. Mr. Chenoweth of Colorado is here. We will be glad to hear from you now.

**STATEMENT OF HON. J. EDGAR CHENOWETH, A REPRESENTATIVE
IN CONGRESS FROM THE THIRD CONGRESSIONAL DISTRICT OF
THE STATE OF COLORADO**

Mr. CHENOWETH. Mr. Chairman and members of the committee, I have a very brief statement.

I am happy to appear before you in support of the watershed work plan for watershed protection and flood prevention for the Vineland area tributary to the Arkansas River watershed in Pueblo County, Colo., as prepared by the Department of Agriculture under the authority of the Watershed Protection and Flood Prevention Act, Public Law 566 of the 83d Congress, as amended.

This project is sponsored by the Bessemer Soil Conservation District and the Pueblo Soil Conservation District.

The Vineland area tributary to Arkansas River watershed, is located along the Arkansas Valley in south-central Colorado, about 19 miles east of the city of Pueblo, in Pueblo County. The watershed lies south of the Arkansas River between the St. Charles River and the Sixmile Creek. The maximum length of the watershed is about 5 miles, and the maximum width about 5 miles. The watershed work plan covers an area of approximately 17.4 square miles or 11,110 acres in Pueblo County. Approximately 49.4 percent of the watershed is cropland; 44.1 percent is grassland; and 6.5 percent miscellaneous usage, such as road, schools, farmsteads, town of Vineland, irrigation supply ditches and laterals, and the abandoned Idlewild Reservoir. No irrigation developments or other water management structural measures are involved.

The work plan proposes a 5-year project for the protection and development of the watershed at a total estimated installation cost of 654,807. The Public Law 566 share of this cost will be \$410,765. The other share of the cost will be \$244,042. The structural installation period will be 2 years. Structural and land treatment measures will be planned and applied in compliance with Colorado State laws.

Mr. Chairman, I hope that the committee will approve this project, and I am indeed happy to give the same my full support.

Mr. POAGE. I do not believe that you gave the benefits ratio.

Mr. HEIMBURGER. I have it right here. The Department estimates that the annual primary benefit is \$27,139 compared to an average cost of structural measures of \$17,813, or a cost-benefit ratio of 1.52 to 1.

Mr. POAGE. That is about \$55 an acre, is it not?

Mr. CHENOWETH. This is a very rich agricultural area, just east of Pueblo.

It is a very highly cultivated area, Mr. Chairman.

Mr. POAGE. You said that there was no irrigation included?

Mr. CHENOWETH. No new irrigation is involved.

Mr. POAGE. This does not involve the changing of the irrigation structures?

Mr. CHENOWETH. No; this is a very heavily irrigated area.

Mr. POAGE. According to this, there would be \$54 an acre being spent on this project.

Mr. CHENOWETH. This is some of our very best farmland.

Mr. POAGE. It is very good land, of course.

Mr. CHENOWETH. There are also some dry lands which would be affected by this project.

Mr. BREEDING. How much of this is irrigation land of the total amount of farm land under this?

Mr. HEIMBURGER. I have the figures here, if you would like to have them. Out of the 11,110 acres, 5,487 are irrigated croplands and the rangeland is 4,898, and miscellaneous which consists of the roads, towns, and so on, is 1,275 acres.

Mr. JOHNSON of Wisconsin. If it became necessary to raise the appropriations for the small watershed programs, would you be in favor of that?

Mr. CHENOWETH. I did not get your question.

Mr. JOHNSON of Wisconsin. I do not know if you have studied the recommendations made by the Department but they are far short of the necessary funds needed to take up the small watershed programs that have been recommended. I do not know what the Appropriations Committee will do. If they do not come through with enough money, are you going to support an amendment that would increase the amount?

Mr. CHENOWETH. Yes, I think that we ought to make good on our commitments.

Mr. JOHNSON of Wisconsin. I do, too.

Mr. CHENOWETH. I am not familiar with the amount the Budget Bureau has recommended.

Mr. POAGE. It has recommended \$26,500,000, I believe.

Mr. CHENOWETH. I do not know how many of these projects are pending.

Mr. POAGE. About \$40 million was available last year. This will result in something like \$13 million less than we had last year, and there will be 280 projects where we had 180 last year. I believe that is correct.

Mr. CHENOWETH. I will say this, Mr. Chairman—

Mr. POAGE. I do not want to put anyone on the spot. You do not need to tell us what you will do in the future. But we do want all interested parties to know the facts about this, and I think that the facts are that even though we approve these projects, unless we have substantially more money than is presently in the budget, we are not going to get very far with any of these projects, because there are a great many now pending for which we will not have enough in the budget. Certainly, if new ones come in, it will be extremely difficult

to move them very far, unless we increase the appropriations for this work very substantially.

Mr. CHENOWETH. I think that the Congress should carry out any commitments we make. We authorized this program and we encouraged the local interests to prepare their projects and to get them ready, which they have done. They are willing to comply with their obligations, financial and otherwise. I think that we have a direct obligation in the Congress to go ahead and make sufficient funds available for these approved projects.

Mr. POAGE. I think that we should, too. This committee feels that way. Indeed, the full committee instructed me, as chairman of the subcommittee, to go before the Agricultural Appropriations Subcommittee and ask for increased amounts, large enough to carry out the work of all of these projects—which I have done, as well as other members who have gone before that subcommittee.

Mr. CHENOWETH. It may be necessary somewhere along the line to fix an overall limitation of the amount to be spent on the program in any one year and then give priority to these projects. We may have taken on more than we can handle. I am not familiar with the overall situation.

Mr. POAGE. The point is that we will find ourselves faced with expenses far greater in the coming year than we have money to pay for. In years past we have been able to carry on with the amount of money which was appropriated, because a good number of the States had not actually gotten their programs underway yet. So far as I know, everybody is now ready to go forward, and our problem is to get what we need in the way of money. Instead of having a carry-over, we will wind up with a substantially less amount of money than we had before.

Mr. CHENOWETH. This law has been on the books for about 6 years, has it not?

Mr. POAGE. I believe so.

Mr. CHENOWETH. And you are just now getting, as you say, the full impact of the program.

Mr. POAGE. That is right. That is what is happening.

Mr. CHENOWETH. It may be that the committee would want to make a reappraisal of the whole situation. I am not familiar with your immediate problem.

Mr. POAGE. We do want all of you who are interested in these projects to understand the situation that is facing us, because we do not want you to go away from here and think that we have approved your project. Then, when you do not get any money, we do not want you to go away and say the Committee on Agriculture has failed you, because we recognize that mere approval of these projects, without having the appropriations, will be rather an empty gesture.

Mr. CHENOWETH. I feel that the projects which have been approved and which are now before your committee for final approval should have some priority. Perhaps somewhere along the line you will want to limit the number of projects to be approved in any one year.

Mr. BREEDING. You cannot take care of all of them with the present appropriations?

Mr. CHENOWETH. I can assure you of my vote to get the necessary money for these projects. I did not realize the demand was quite as heavy as you say it is.

Mr. BREEDING. There are many programs underway. The small watershed program, as I understand it, totals less money this year, whereas the appropriations for the Corps of Engineers projects has been increased—has been doubled. Do you know how much that has been?

Mr. BROWN. The fiscal year 1961 budget provides for \$66 million more than the fiscal year 1960 appropriation.

The total increase for the Corps of Engineers and the Bureau of Reclamation together is about \$118 million.

Mr. BREEDING. Whereas this program has taken a cut. I am not against the Corps of Engineers projects, but I think that this, being a new program, should start with enough money.

Mr. CHENOWETH. I think that we have a moral obligation to take care of these projects which have been submitted in good faith. The local work has been done. They have obtained approval up to this point. I do not think that we are meeting our responsibility by merely saying we do not have the money. I contend that we have a definite obligation to take care of these projects. I do not know how far in the future we can plan, but I am talking about the immediate situation, and I, certainly, will be happy to support whatever appropriations are necessary to take care of these projects which are now pending.

Mr. POAGE. Will you tell us what this project does? It is more than one reservoir, is it not? It is a short stream.

Mr. CHENOWETH. Yes.

Mr. POAGE. Do you have some familiarity with the territory?

Mr. CHENOWETH. I cannot add to the details which are included in the report. The benefits are distributed as follows: Floodwater damage reduction is \$19,345, the sediment reduction is \$2,830, the erosion damage reduction is \$3,000, and indirect damage reduction is \$1,934.

Mr. POAGE. I imagine that they will propose to do this with a series of dams. They are proposing to spend \$650,000, of which \$410,000 is Federal money; and that ought to build a number of dams. They will be in the valley?

Mr. CHENOWETH. Yes.

Mr. POAGE. That valley, as I recall it, is east of Pueblo.

Mr. CHENOWETH. It follows the Arkansas River.

Mr. POAGE. You have some rather steep or deep breaks there. The reservoirs will be built just above those?

Mr. CHENOWETH. I think that is right, Mr. Chairman. I should have more of that detail for you. There will be four floodwater retarding structures. These have a total capacity of 384 acre-feet. The largest structure would hold 238 acre-feet with a 198-acre-foot detention pool.

Mr. POAGE. That is in acres?

Mr. CHENOWETH. This is acre-feet. These are the structures that you are talking about. The total capacity is 384 acre-feet, and would control 31 percent of the watershed.

Mr. POAGE. Practically, we have found that has been the big difficulty in my area. You will find that those projects will average nearly 100 acre-feet per project.

Mr. CHENOWETH. You can see that it will cost the local interests here \$250,000 approximately. That is the local contribution, so that they must plan on getting some definite benefits or they would not be willing to put up that amount of money.

Mr. POAGE. I would like to know about that. I presume that most of the soil work will be on privately owned land.

Mr. CHENOWETH. I think that is right, Mr. Chairman. The local share of the costs will be \$244,200.

Mr. POAGE. That cost is mainly what the farmers are going to spend on their own land, is it not?

Mr. CHENOWETH. That is my understanding, Mr. Chairman.

Mr. POAGE. They will have to do it. I believe in giving them credit for it. However, it does not have anything probably, to do with the cost of the structures.

Mr. CHENOWETH. There are four structures.

Mr. POAGE. Are there any other questions? Do you have anything further?

Mr. CHENOWETH. I appreciate this opportunity to discuss this project with you. This is a project in which there is a great deal of local interest, and I again urge the committee to approve the same.

Mr. POAGE. While you are here, Mr. Brown, I wonder if you would have any comments to make on this subject—do you have anything to add to this?

STATEMENT OF CARL BROWN, ASSISTANT TO THE ADMINISTRATOR FOR WATERSHEDS; ACCOMPANIED BY JOHN H. WETZEL, DIRECTOR, WATERSHED PLANNING DIVISION OF SOIL CONSERVATION SERVICE

Mr. BROWN. Mr. Chairman, we feel that this is a very worthwhile project. It is a small watershed, as has been pointed out, in which there are some short steep tributaries coming off of rangeland down into a highly productive, irrigated valley area.

It does not require large structures, nor a great deal of cost, considering the benefits that will accrue in this case, to control these tributaries by the four structures and some floodways that will carry the water out to the river.

We feel that it is a very worthwhile project, and it is recommended.

Mr. POAGE. I am assuming that the \$244,000 contribution is primarily in land treatment practice. Am I right in assuming that?

Mr. BROWN. That is correct; out of the \$244,000 of local contribution, \$223,000, in round figures, is for the land treatment phase of the program, and \$20,000 in round figures is the cost of the project to the local organizations for the structural measures of which about \$17,000 is the cost for the land easements and the rights-of-way, and the remaining \$3,000 is for the cost of administering the contracts.

Mr. POAGE. Are the farmers giving these rights-of-way, or is the district buying them?

Mr. BROWN. The report does not show how they contemplate getting them, but I understand that they have already gotten commitments and that the easements will be available.

Mr. POAGE. What will they do in Colorado in regard to the structures? One of your requirements is that the local sponsoring agency will provide the maintenance of the structures.

Mr. BROWN. The soil conservation district there has assumed the responsibility for the maintenance.

Mr. POAGE. What I wanted to get at is, does the county join in that—we have had a great deal of trouble about getting the country to join in guaranteeing the maintenance. You have required, as I understand it, something more than a district guarantee; is that not right—you do not just take the word of the district?

Mr. BROWN. That is true, in general. Depending on the size of the project, if the project has a relatively small maintenance cost as this one does which is \$3,319 annually, estimated, it is entirely possible that the beneficiaries, being a rich agricultural community in the valley, can make some local arrangements for carrying out that small amount of maintenance costs without the taxing district, such as is required often for a larger project area.

Mr. POAGE. What county is that in?

Mr. CHENOWETH. In Pueblo.

Mr. BROWN. It is in Pueblo County.

Mr. POAGE. If there are no further questions, we are very much obliged to you, Mr. Chenoweth, and Mr. Brown, for giving us information about this project. The committee will consider the project as rapidly as possible.

Mr. CHENOWETH. Thank you, Mr. Chairman.

Mr. POAGE. We will next hear about Huff Creek in South Carolina. We will hear from our colleague Mr. Ashmore.

STATEMENT OF HON. ROBERT T. ASHMORE, A REPRESENTATIVE IN CONGRESS FROM THE FOURTH CONGRESSIONAL DISTRICT OF THE STATE OF SOUTH CAROLINA

Mr. ASHMORE. Mr. Chairman, I hold in my hand a letter from the Department of Agriculture, dated March 16, 1960, wherein they state that the sponsoring local organizations, and the Secretary of Agriculture, have agreed on this plan, for works of improvement. It has been determined that the estimated benefits from the works of improvement would exceed the estimated cost of such improvements.

I thought that might be of some value to you.

We recommend that the Committee on Agriculture of the House of Representatives will adopt a resolution approving this plan. Since this plan involves an estimated Federal contribution for construction costs in excess of \$250,000, and no single structure providing more than 4,000 acre-feet of total capacity, we propose to assist the local organization in carrying out the watershed work plans substantially in accord with the terms and conditions and stipulations provided therein.

I have the plan here which is about a 39-page report, some of which I think you would like to hear.

First, the sponsoring local organizations will acquire, without cost to the Federal Government such land, easements, or rights-of-way as will be needed in connection with the works of improvement. The estimated cost is \$42,220. The sponsoring local organizations will

acquire and provide assurance that the landowners and water users will have acquired such water rights pursuant to State laws as may be needed in the installation and operation of the works of improvement.

The facilities construction costs, that is, the structural measures and the land-treatments measures for flood prevention to be paid by the sponsoring local organizations, and by the service, and they are as follows: floodwater with retentionary structures, 520 lineal feet of channel improvement, land treatment for flood prevention of critical areas, road-site erosion control, about 50 percent. The estimated construction cost is \$123,750.

Tree planting, sponsoring local organization, 30 percent; service, 70 percent. Cost, estimated, \$12,934.

These sponsoring local organizations will pay all of the costs allocated to purposes other than flood prevention and irrigation, drainage, and other agricultural water management.

The service will bear the cost of all installations and services applicable to the works of improvement for flood prevention. Estimated cost, \$75,363.

The sponsoring local organization will bear the cost of administering the contracts. Estimated costs, \$166.

The sponsoring local organization will obtain agreements from owners of not less than 50 percent of the land above each floodwater retarding structure that they will carry out conservation farm or ranch plans on their land.

That the sponsoring local organization will provide assistance to landowners and operators to assure that installation of the land-treatment measures shown in the watershed work plan are carried out.

The sponsoring local organizations will encourage landowners and operators to operate and maintain the land-treatment measures for the protection and improvement of the watershed.

The sponsoring local organizations will be responsible for the operation and maintenance of the structural works of improvement by performing the work, arranging for such work, and in accordance with agreements to be entered into prior to the issuing of invitations to bid for the construction work.

The costs shown in this agreement represent preliminary estimates. In determining the cost to be borne by the parties to the actual cost incurred in the installation of works and improvements will be used.

This agreement does not constitute a financial document to serve as a basis for anything more than an estimate. The financial and other assistance to be paid by the service in carrying out this plan is contingent on appropriations of funds for this purpose.

Where there is a Federal contribution for the construction costs of improvement, a separate agreement in connection with each construction contract will be entered into between the service and the sponsoring local organization prior to the issuance of the invitation to bid.

Mr. POAGE. I believe that what you are reading from is the standard contract, is it not? Every one of these projects has that, and I do not think that we ought to fill the record with that, because it is the standard contract. What we would like is for you to tell us what the project does, where it is located, how it would help, and what it will cost the various people, and what the total structural cost is. We would like to have those things.

Mr. ASHMORE. The Huff Creek project comprises an area of 21,787 acres in the west portion of South Carolina, located south of the Blue Ridge Mountains, in the northern edge of the Piedmont Plateau.

In cultivation of a large part of the upland within the watershed for many years, much of the topsoil has been lost due to erosion. A large portion of this soil from the upland has been deposited in the flood plain and in the stream channels. This will reduce the capacity of the natural water course and increase the frequency of floods. The increased frequency of flooding, the channel fill, has reduced cultivation in the flood plains to about 15 percent, to 15 percent of what it was before. Frequent flooding has retarded land preparation and has interfered with cultivation and has often damaged growing crops. This has made cultivation impractical.

I happen to know, Mr. Chairman, of this area, in a general way. I know that it is some of the finest soil and producing land in the Piedmont area of South Carolina. It is one of the areas that I think will receive the most value from a thing of this kind.

It has been under consideration by the local community and the local soil conservation agency for approximately 5 years.

I believe that the people in that area are almost 100 percent back of the proposed plan.

Mr. POAGE. How are you going to get your rights-of-way—are you going to pay for them, or are they to be given, do you know? Are the local people giving them, or is it something that you have to buy outright?

Mr. ASHMORE. I would say that they are giving it. I believe that they mentioned that in the plan, that they would be responsible for obtaining the rights-of-way.

Mr. POAGE. I know that they have to be responsible.

Mr. ASHMORE. You want to know if they will have to pay for them?

Mr. POAGE. That is what I want to know.

Mr. HEIMBERGER. I cannot answer that question, either, Mr. Chairman. Ordinarily these work plans are silent on that and do not indicate just how the local agencies will acquire the rights-of-way.

Mr. BROWN. I do not know specifically how they expect to obtain these.

Mr. POAGE. I wonder if anybody can tell us about this as to how they guarantee the maintenance of the structure?

Mr. BROWN. The work plan, Mr. Chairman, does have some statements on that. It spells out the maintenance provision in this way:

Routine maintenance such as fertilization of vegetation on the dam, et cetera, clearing trash and suppressing the water vegetation and sediment pools will be performed by farmers on whose land the dam and reservoir is located. Provisions for such services will be written into the plan.

Similarly the farmers on whose land the channels are improved, will mow vegetation on the banks, remove logs and debris from the channel, and so forth.

The county will make available chain gangs to perform major maintenance and repairs.

And in any case where the above plans fail, the soil conservation district will assume the responsibility and pay for it with district funds. There is a fund of \$1,000 promised by them. This group has come up and pledged further support.

Mr. POAGE. Is your legislative delegation the same as the governing body of a county?

Mr. ASHMORE. Yes, they have to levy taxes.

Mr. POAGE. That is part of the county organization?

Mr. BROWN. That is right.

Mr. ASHMORE. This plan has been approved by the Governor of South Carolina.

Mr. POAGE. We have not seen any of these plans where the Governor has not approved them. The Governors have approved all of them. We are really interested in who assumes the responsibility and obligation to pay the bills. The Governor approves, but we want to know who is going to pay for them.

Mr. JOHNSON of Wisconsin. You heard the question that I asked of Mr. Chenoweth about the appropriation shortage. How do you feel about that, if we would have to increase the appropriations in order to have money enough to carry out the projects.

Mr. ASHMORE. I have always supported, and I believe that the chairman of the Subcommittee on Appropriations for Agriculture has received several letters from me throughout the year, where I have urged necessary appropriations to provide for worthwhile watershed projects. I am definitely for the small area, small watershed project. I think that that is the way it should be handled, rather than with the big U.S. Corps of Engineers dam projects. I opposed one of those the other day in South Carolina. We have enough of them. I think the way to control floods is to catch the water in the hills before it gets to the big dams and the big rivers.

This method not only costs less but will prevent floods, and you can use it for irrigation and for whatever other purposes you might need it for.

Mr. POAGE. Your dam does not have any irrigation proposition in it?

Mr. ASHMORE. I am not sure about that.

Mr. POAGE. It is just for flood prevention?

Mr. ASHMORE. Yes; and of course soil and water conservation.

Mr. JOHNSON of Wisconsin. There are several of us on this committee who have appeared before the Agriculture Appropriations Committee asking them to increase the funds. You do not know whether they will do it or not?

Mr. ASHMORE. I do not know.

Mr. JOHNSON of Wisconsin. That remains to be seen.

Mr. ASHMORE. Yes. Thank you very much.

Mr. POAGE. I am sure that Mr. Brown is perfectly willing to accept the obligation of the district to pay, where they have power to levy a tax, but when they do not levy a tax, it is required that the county guarantee the maintenance, because the county has the source of revenue.

Mr. JOHNSON of Wisconsin. That was similar to the CCC and other projects, where they built structures and things like that, on the farmer's land. That was not taken care of, and all of a sudden they went out and no one did anything to keep them up.

Mr. ASHMORE. I am sorry that I do not know all of the details on this, as I would like to. I have not given all the information perhaps that you would like to have, and I will be glad to get it for you.

Mr. POAGE. I suggest that if we run onto something that we need more information on, we will call on you. We are not here to have you come, to make a case, and to try you on it, but we are trying to get information about the project. If we find there is anything lacking, we will certainly get in touch with you. We do appreciate your coming before us.

Mr. ASHMORE. I appreciate your giving me the opportunity to say a word in behalf of this project.

Mr. POAGE. Is there anything more that anyone wants to ask?

Mr. SHORT. What is the total cost of this?

Mr. ASHMORE. These works will be installed in a period of 5 years at a total cost of \$596,372 and of this total amount \$396,575 will be provided from Federal funds, and \$199,797 from other funds.

Mr. BROWN. The cost-benefit ratio is 1.3 to 1 on this project.

Mr. POAGE. Thank you very much, Mr. Ashmore and Mr. Brown.

Mr. ASHMORE. Thank you again.

Mr. POAGE. We will next hear from Mr. Kee on the Brush Creek, W. Va., project. Mr. Kee is appearing for Congresswomen Elizabeth Kee. We are glad to have you come before our committee. Would you care to have Mr. Heimburger give us an outline of the project, or will you do that?

Mr. KEE. Whatever suits your convenience.

Mr. POAGE. Very well, please go ahead.

STATEMENT OF JAMES KEE, APPEARING ON BEHALF OF HON. ELIZABETH KEE, A REPRESENTATIVE IN CONGRESS FROM THE FIFTH CONGRESSIONAL DISTRICT OF THE STATE OF WEST VIRGINIA

Mr. KEE. Mr. Chairman and distinguished members of the Conservation Subcommittee of the House Committee on Agriculture, I am appearing for my mother. I am grateful to you for giving me the privilege of coming to represent mother on this important project here today.

This is the Brush Creek watershed project, the plans for this project were prepared by the Southern Soil Conservation District and the Mercer County Court, with assistance by the Soil Conservation Service and the Forest Service of the U.S. Department of Agriculture.

I might add at this point, that the sparkplug to this is a group of very fine citizens at home. And when I talked to them last, they had over 125 members in the Brush Creek Watershed Association. They agreed that this is vitally and urgently needed. The local people will go out in every way and manner possible to cooperate.

As a matter of fact, Mr. Chairman, we get a telephone call from the president, Dr. Daniel Hale, once a week asking, "Why was not this approved yesterday—why do we not have the construction started now, sir?" They are very much interested in it. The Brush Creek watershed is located in southern West Virginia between two main centers of population: Princeton, which is the county seat for Mercer, and Bluefield, which is the larger of the two cities.

This watershed area contains 22,293 acres of which 1,150 acres are in the flood plain. This area is the most rapidly growing area of southern West Virginia. The reason for that, is, as you know, our

coal mines are closing and they are tearing down the houses, and our people are moving into this area. They are taking jobs, fortunately with small business people, like filling station operators, working in grocery stores, in garages, for automobile dealers, and so forth. As a matter of fact, the population has increased in the last few years from, I think, 9,000 to now over 12,000 people.

This area, every year, suffers floods two or three times. I remember one of our three major disaster floods, the one in January 1957, that I went out and helped row boats to pull people out of their houses. And I am telling you that when you get into an area like that, when the homes are covered with water, with the water covering the downstairs up to the bottom of the second floor, the people are mighty unhappy.

The total Federal cost on this project is \$930,700. The non-Federal cost is \$219,000 which makes a total expenditure of \$1,149,700.

It is my understanding that this is what you would call an average project.

It is an extremely important one to our people who live in that area. The benefits-cost ratio is, fortunately, unusually high—1.7 to 1.

Mr. Chairman, you raised a question I was happy to hear, and maybe I can answer it as to the cost per acre. The cost per acre is \$52. Of that it is my understanding from Mr. Wetzel, who is one of the finest Government officials in Washington, that the total Federal cost per acre consists of \$42 Federal and \$10 non-Federal.

This project, which is primarily for flood prevention and municipal water supply, calls for 13 floodwater retarding structures and one multiple-purpose structure and 5.86 miles of stream channel improvement.

While the report shows that you do have a benefit-cost ratio of 1.7 to 1, actually the benefit ratio is just a little bit higher than that, because other benefits are not counted. This is the reason. For many years, beginning in 1932, working with, I should say, the Corps of Engineers for a flood control project in the city of Princeton, W. Va., which is a part of this area, Mr. Wetzel very graciously came down and we had a joint meeting, and the officials of the Corps of Engineers and the State conservationists and we found out this, that the projects are essential to the effect that they would work together—they compliment each other to do the jobs that need to be done in Mercer County. We had absolute cooperation between both services.

That contract has already been let and signed. The Congress has already appropriated \$562,000 through the fiscal year 1960. And the President's budget for fiscal 1961 includes \$598,000 which is necessary to complete that structure for the city of Princeton. It will be complete within the year and we feel that there will be no problem on that.

Mr. POAGE. These do not affect agricultural lands?

Mr. KEE. No, sir. The point that I would like to make is that, by working together, the Corps of Engineers is building a smaller project, and it is essential for this watershed project to go through in order for the city of Princeton to have adequate flood protection.

Mr. Chairman, we realize that you and the members of your committee have a terrific responsibility. I want to give you this one additional point.

The question came up as to who pays for the annual costs and I am happy to be able to say that an agreement will be made with the Mercer County court, which is our taxing body in Mercer County, whereby the court agrees to pay the maintenance costs of the flood water, retarding structures, the multiple-purpose structures, and the stream channel improvements. This cost is estimated to be \$6,125 annually, sir.

I am pleased to report to you that my mother has done everything she can with the Appropriations Subcommittee, Mr. Chairman, to recommend that instead of the \$27,750,000 appropriated for the Soil Conservation Service, and she told them that in order that efficient work of watershed protection should not be curtailed—she made a plea to the Appropriations Committee to increase the \$27,750,000, and an additional minimum of \$10 to \$15 million. I do not know how successful that plea will be.

We have a West Virginia U.S. Senator, on the Senate Appropriations Committee, and we have kept him advised of this at every step. I have no right to commit the Senator, but he is going to do the best he can, regardless of what appropriation bill comes out of the House to do something over on the Senate side.

Mr. JOHNSON of Wisconsin. You have to have enough money to go ahead with this as well as the other one, is that not right?

Mr. KEE. That is right.

Mr. POAGE. Are there any further questions of Mr. Kee? If not, we are very much obliged to you. We appreciate your appearance here.

Mr. JOHNSON of Wisconsin. I should like to say to Mr. Kee that he has made a very fine statement.

Mr. KEE. Thank you very much.

Mr. Chairman, in conclusion, my mother will be very grateful and our people at home will be very grateful; as a matter of fact, on the 29th day of April, I have to appear before the Brush Creek Watershed Association and give them a statement on this particular matter. The soil conservation people have, certainly, been absolutely outstanding in their work. And when we stop to think of the work that they are doing, it is going to benefit our children and our children's children in the generations yet to come. We, certainly, are all in favor of it. Thank you very much.

Mr. POAGE. Do you have any additional comments, Mr. Brown?

Mr. BROWN. I think that Mr. Kee very ably presented the situation.

Mr. POAGE. We have on our list next, our friends from New Mexico. I believe that there is a little bit difference of opinion out there but not on this project. They are about to hold an election in New Mexico. Congressman Thomas G. Morris and Congressman Joseph M. Montoya, both have requested permission to file statements. Both Congressmen are now in New Mexico and probably will not be back until after the election, but they have not overlooked the importance of this project.

I would suggest that the committee will take action on all of these projects, and the gentlemen from New Mexico can have an opportunity to appear, if they find it desirable, before we act on this project and, if not, they may file their statements.

Do we have their statements now?

Mrs. GALLAGHER (clerk). They will be submitted.

(The statements of Hon. Thomas G. Morris and Hon. Joseph M. Montoya follow:)

STATEMENT OF HON. THOMAS G. MORRIS AND HON. JOSEPH M. MONTOYA, REPRESENTATIVES IN CONGRESS FROM THE STATE OF NEW MEXICO

Mr. Chairman, thank you for the opportunity to appear before your committee. We urge the approval of the project which will provide protection and flood prevention for the Tortugas Arroyo watershed in Dona Ana County, N. Mex., under authority of Public Law 566, 83d Congress, as amended.

Tortugas Arroyo covers 24.4 square miles, or 15,584 acres. It starts from a high elevation of 8,800 feet in the Organ Mountains and slopes westward, dropping 4,825 feet to an elevation of about 3,875 feet on the Rio Grande flood plain just south of the city of Las Cruces.

In the last 20 years approximately 25 damaging floods have occurred. About 530 acres of irrigated land were inundated in 1935, the year of the greatest flood. In 1957 and 1958, there were two damaging floods in each year.

Sudden, high-intensity thunderstorms occur mainly during July through October, and water rushes down the rocky, steep mountain slopes across the lower grazing areas, which have poor vegetative cover, and down on the lower basins where cotton, alfalfa, vegetables, small grains, and grain sorghums are the main crops.

This range vegetative cover is inadequate to hold soils or slow down waterflow. The downward rushing floodwaters cause direct flood damages in the watershed and destroy sections of the Las Cruces lateral canal which serves the irrigated land in the watershed, plus some 1,700 acres immediately below. About 1,000 feet of the lateral canal are filled with large amounts of sediment at least once every 2 years, and often twice a year.

The rushing floodwaters pick up soils and debris, form ponds, and damage growing crops. Sediment deposition causes added expense for land leveling, obstructs irrigation, plugs culverts, and interrupts cross-country traffic on U.S. Highway 80 which also services the highly important Federal installations at Holloman Air Force Base and White Sands Missile Range. Severe storms also frequently put the railroads out of service for several hours.

Damages from floods, sediment deposition, and other flood related causes are estimated at \$16,558 annually. The estimated reduction in present damages through construction of the project is 95 percent.

Costs of proposed watershed protection and flood prevention for the Tortugas Arroyo watershed are estimated at \$13,393 annually. Benefits from the proposed project construction will amount to \$15,757 annually, which represents a ratio of 1.2 of benefits to 1 for costs.

The work plan for flood prevention and watershed protection consists of two floodwater retarding structures, floodwater diversions, a disposal channel, and appurtenant structures. No land treatment measures are proposed other than proper grazing management. There are no costs in the plan for such management practices because present grazing land management efforts will be continued.

The Elephant Butte Irrigation District will contract for project construction and operate and maintain the two floodwater retaining structures, the floodwater diversion and the outlet channel and appurtenant structures.

This is a vitally necessary project for watershed protection and flood prevention and we urge your full support and favorable action authorizing its construction.

Thank you.

Mr. POAGE. Do you have anything on that project?

Mr. BROWN. I can very briefly describe the characteristics of it, if you would like to have that.

Mr. POAGE. Yes; if we might get that.

Mr. BROWN. This Tortugas Arroyo watershed project is located in Dona Ana County, which is in the lower part of the middle Rio Grande Valley of New Mexico. It consists of an area of 15,580 acres of which

about 4 percent is irrigated cropland and it is to the irrigated cropland that the benefits accrue. Ninety-six percent of the benefits accrue to agricultural lands and improvements in terms of floodwater damage reduction. The project is a small one.

There are two floodwater retarding structures, having a total capacity of 1,326 acre-feet. In addition to which, there is 2,929 linear feet of channel improvements and one floodwater diversion structure.

The total cost of the project is \$342,641, and that cost is entirely for the structural measures. There is no cost for the land treatment measures. The land is all rangeland and is being adequately provided for under current going programs. Actually, 10,100 acres of the 15,000-odd acres is federally owned land with most of it managed by the Bureau of Land Management.

This project is sponsored by the Elephant Butte Irrigation District, a long-established legal organization which carries out the irrigation program in this part of the Rio Grande Valley. That organization will assume the responsibility for obtaining the necessary easements and rights-of-way and, also, for providing the operation and maintenance costs on the two structures and the channel estimated at \$1,310 annually. This project has a benefit-cost ratio of 1.2 to 1.

Mr. POAGE. There are approximately 600 acres under cultivation, is that not right?

Mr. BROWN. I did not calculate that. I divided the costs by the total acreage in the watershed for comparison with other figures that have been quoted here, and it is \$22 per watershed acre.

Mr. POAGE. That has no meaning. You just told us that there would be no land treatment on that, that it would not be affected in any way. You said only 4 percent of it was irrigated land, and if I have figured it correctly, about 600 acres is 4 percent, and when you figure the cost on the 600 acres, you have a cost of about \$500 an acre there, do you not?

Mr. BROWN. I believe that it would be very close to that.

Mr. JOHNSON (presiding). This is a dry area?

Mr. BROWN. Yes, sir; it is. It has a very low rainfall. It has these extreme summer-type flash floods.

Mr. JOHNSON. Do they cover any communities in the area? In other words, are there any cities or villages that are flooded by the streams at the present time?

Mr. BROWN. The benefits here are almost entirely agricultural. There is some damage to roads and highways. As I mentioned, 96 percent of the benefits are to agricultural land and improvements, and the remaining 4 percent are to facilities, such as roads, and so on. This will give a high degree of control to those frequently damaged areas. We estimate the damages will be reduced 95 percent by this project.

Mr. JOHNSON. What is the extent of the damage to the roads, as compared to the land?

Mr. BROWN. The total benefit, the total annual damage reduction is \$15,757 of which 96 percent is agricultural, so that the annual benefit to roads would be in the neighborhood of \$600.

Mr. JOHNSON. If there are no further questions, we thank you.

Mr. HEIMBURGER. Mr. Chairman, I would like to take advantage of Mr. Brown's presence here and ask him a question about a matter of policy that has recently come to my attention.

While I understand that up to rather recently, the Soil Conservation Service has been going ahead with these projects, when it has received what it considers to be adequate assurances from the local sponsoring agency in connection with the project, that the rights-of-way would be acquired, in other words, you have not waited until the rights-of-way were actually acquired and title had been transferred, but have gone ahead and started the projects on what you believed to be adequate assurance.

Has there been any change in that policy lately?

Mr. BROWN. Mr. Heimburger, this relates to a question that has very recently come up, and I will be very glad to try to explain it.

We do not hold back in starting a project. We begin immediately to provide assistance for the engineering or design work and other features of the watershed project, but it has been our policy all along on Public Law 566 projects not to make construction funds available until land easements or rights-of-way were actually acquired; that is, title had been vested in the local organization.

Now, the question to which you refer is one that has arisen in California, as a result of the State laws of California, and we now find that it might arise in a number of other States.

In the State of California, under their law, most public works organizations are proceeding with construction on the basis of a court order of possession or taking order, as it is sometimes called, which does not, in fact, vest title, and the title changes hands only after the final judgment is rendered, which provides for the amount of compensation to be paid for that particular parcel of land.

The Flood Control Acts, for example—and I believe, also, the Reclamation Acts and, certainly, the California State Highway Act, and so on—permit those organizations to proceed with construction on the basis of the taking order.

Our attorneys say that the Flood Control Act of 1936—the language in that act—specifies that the Corps of Engineers acting for the Government may proceed if the local organizations acquire or give satisfactory assurances that they will acquire the necessary land, easements, and rights-of-way. On the other hand, the phraseology that was used in Public Law 566 is simply, “shall acquire,” and it did not leave any latitude in their opinion under which we could proceed on the same basis as the Corps of Engineers. As a result of that situation, we do have a project currently in California, the central Sonoma project, where it has been anticipated that the first construction would be started before the end of this fiscal year, where we now seem to be stopped for some time unless an amendment to Public Law 566 can be enacted.

I am quoting what our attorneys in the General Counsel's Office of the Department have told us.

Mr. HEIMBURGER. That is my understanding, too. The situation then is that on the basis of your attorneys' opinion this matter, you will not actually be able to start construction on these projects, until the title of all rights-of-way is actually in the possession of the local agency?

Mr. BROWN. That is correct. And it is my understanding that in terms of the situation in the courts in California now on the average, it will take about a year from the time an order of possession is given to get a final judgment.

Mr. JOHNSON of Wisconsin. I think that in Wisconsin they are not going ahead with the projects until they do get the rights-of-way. I know of several projects that are being held up right now, because of the question of rights-of-way.

Mr. HEIMBURGER. I might state that a bill has been introduced on this matter. And I thought that it might be a good thing to call it to the committee's attention, while Mr. Brown was here. That is all I have.

Mr. POAGE (presiding). Are there any further questions of Mr. Brown? If not, we are very much obliged to you again.

Mr. BROWN. Thank you.

Mr. POAGE. The committee will now adjourn.

(Whereupon, the committee adjourned at 11:15 o'clock.)

WATERSHED PROJECTS

WEDNESDAY, JUNE 8, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSERVATION AND CREDIT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:20 a.m., in the George Washington Inn, Washington, D.C., Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Breeding, Stubblefield, McIntire, and Short.

Also present: Carl Brown, Soil Conservation Service, Department of Agriculture.

Mr. POAGE. The committee will please come to order. We are here this morning to consider several watershed reports. I have just been talking to the Speaker's office. They report that they do have the projects you sent up, Mr. Brown, yesterday afternoon, but apparently they have to wait until the House is in session to formally refer them to the committee. Lew Deschler promised to call me back, and if there is any way he can send them over, he will do so.

We have to start with the projects before us. I think we should start with a review of the New Mexico project on which we invited the Representatives from New Mexico to give us additional evidence, Mr. Montoya and Mr. Morris.

STATEMENTS OF HON. JOSEPH M. MONTOYA, AND HON. THOMAS G. MORRIS, REPRESENTATIVES IN CONGRESS FROM THE STATE OF NEW MEXICO

Mr. MORRIS. Mr. Chairman and members of the committee, I want to express my appreciation to you for allowing us to appear in behalf of this project. It is a project located in Dona Ana County, N. Mex., just above El Paso in the Rio Grande Valley. Its watershed covers an area of approximately 15,000 acres.

Under the proposed plan it would provide flood control protection directly to around 530 acres and also it would provide protection for 2,200 acres of other cropland. This is very good farming land of which I am speaking, this 500 acres and this 2,200 acres. The average selling price of land in this area is between a thousand and \$1,500 an acre. The average value of the crops produced from this land per year is about \$600,000. We estimate that when these flash floods occur, the damage done to the 2,200 acres which is served by a lateral would be around \$50 an acre.

Here is the situation when these floods occur. They take away this lateral that provides water for the 2,200 acres. The 500 acres are inundated by the floods. This is the fourth small watershed project that this district has sponsored. The Elephant Butte Irrigation District has spent \$9,500 on the project already to acquire rights-of-way and some drainage structures.

They understood that the project had been approved. They were under the impression that when the Department recommended the project, that that was the approval required, apparently.

Mr. POAGE. You do know who told them that?

Mr. MORRIS. I was not there when the conversation took place, Mr. Chairman. I intend to find out this summer who the individual was.

Mr. POAGE. Mr. Morris, can you tell us how much contribution these people are to make for this project?

Mr. MORRIS. As I understand, they are to acquire the right-of-way and drainage structures.

Mr. POAGE. What do you mean by the drainage structures?

Mr. MORRIS. Pipes, culverts for the roadway.

Mr. POAGE. I do not understand it. Mr. Brown, can you tell us what you need with roadways and pipes and culverts, what they have to do with the projects?

Mr. BROWN. Those would be the improved facilities that would have to be put in in connection with this canal which the Congressman speaks about, which is directly damaged at the present time by floods. That actually does not show in the work plan as a cost. It is not the kind of cost that is included in the work plan but, nevertheless, is a very real cost that will have to be borne by the local organization. The actual evaluation is that the local people's cost would be \$10,500 for easements and rights-of-way and for administration of contracts. This would all be in one contract and the installation cost for the structures there would be \$332,141 to the Federal Government.

Mr. McINTIRE. How much of this whole project is flood control which is borne 100 percent by the Federal Government?

Mr. BROWN. This is all entirely flood prevention.

Mr. McINTIRE. One hundred percent?

Mr. BROWN. Yes, sir.

Mr. McINTIRE. There are some costs to the local organization, as you say, about \$10,000; nevertheless, these are not costs which are a part of the project itself but are costs which must be borne to effectuate the project. Is that right?

Mr. BROWN. The cost of \$10,500 is an actual cost. That is the cost the Congressman refers to that the local organization has already incurred in part in anticipation of the approval of this project. As I understand it, they have already bought the rights-of-way required for this structure. There are other costs.

Mr. POAGE. Let us understand this about the rights-of-way. Do you have a map of this project so we can understand it? I had understood your structure was on public land.

Mr. BROWN. I do not believe that is right, is it, Congressman Morris? A good part of the area of the watershed is public land. I am sorry we do not have a wall map, but this is the location of the structure here in the work plan map. This is the irrigated land down in the

lower section. The high line canal is shown coming across here. This is the canal that is breached by these floods. This canal serves an additional substantial acreage down below.

Mr. POAGE. That is the 2,200 acres below. This reservoir is on whose land?

Mr. MORRIS. Mr. Chairman, the reservoir they apparently thought was on public land at one time. When they surveyed the right-of-way and everything, they found out that this reservoir was in the middle of an old subdivision that had 2,700 individual lots in it. It was necessary for the district to condemn these 2,700 lots. This they have done.

Mr. POAGE. Of course, they did not have to pay much for the lots but they had to pay court costs.

Mr. MORRIS. Yes; they had to pay court procedures.

Mr. POAGE. The property is of very little value, I am sure.

Mr. MORRIS. In comparison to other property.

Mr. POAGE. What is it worth?

Mr. MORRIS. The usual going price there is between \$1,000 and \$1,500 an acre.

Mr. POAGE. That is down in the valley?

Mr. MORRIS. Yes.

Mr. POAGE. I am talking about up here where the reservoir is.

Mr. MORRIS. It cost the district \$5,177.

Mr. POAGE. For the condemnation. But it did not cost that much for the land.

Mr. MORRIS. This included legal expenses.

Mr. POAGE. Legal expenses were a great portion of it, were they not?

Mr. MORRIS. I assume they would be. They did not break it down.

Mr. POAGE. How many acres is that reservoir?

Mr. BROWN. The cost in the workplan for the land itself is \$9,900. That is the estimated total cost of the land. The total surface area of the floodwater pool in this structure is 87 acres. They would probably buy a little more than that. Usually, the rights-of-way go a little beyond the maximum flood area.

Mr. POAGE. Are there any questions?

Mr. McINTIRE. The Federal contribution is a little over \$300,000?

Mr. BROWN. Yes, sir.

Mr. McINTIRE. I may not understand it correctly, but this is actually accomplishing a flood protection for about 500 acres of \$1,000 to \$1,500 land value?

Mr. MORRIS. It is actually providing direct flood control protection to the 500 acres. Within the boundaries of where this water comes down this arroyo there is a main lateral which provides irrigation water for an additional 2,200 acres. So every time one of these floods occurs, it floods 500 acres of land directly and prevents the irrigation of 2,200 acres of land by taking away the main canal which feeds the farm ditches.

Mr. McINTIRE. How frequently has this canal been damaged?

Mr. MORRIS. Of course, it is difficult for me to say how frequently because in New Mexico it may have one of these floods rather frequently for a short period of time and then you may not have one for a year or two.

Mr. BROWN. May I add to that, Congressman. In the supplemental information prepared by the Elephant Butte Irrigation District they state:

Every 2 years on the average, and sometimes oftener, about 1,000 feet of this lateral canal are washed out or filled with sediment so that irrigation water cannot be delivered. This interruption of irrigation services occurring, as it does, during the summer, adversely affects crop yields and losses in excess of \$50 per acre have occurred.

They estimate that a flood at a critical time during the growing season could result in a damage for one flood of \$200,000 in this area, combining the damage to the land directly flooded plus loss of irrigation water to the additional acreage.

Mr. McINTIRE. Thank you.

Mr. BREEDING. This 2,200 acres you have spoken of, what is the value of that land?

Mr. MORRIS. It is between \$1,000 and \$1,500 an acre.

Mr. BREEDING. Do you place the same value on that as you do the 530?

Mr. MORRIS. Yes; it is adjoining land, practically.

Mr. BREEDING. What do they grow on this land?

Mr. MORRIS. Cotton.

Mr. STUBBLEFIELD. Long staple cotton which is not in surplus.

Mr. MORRIS. Extra long staple cotton on which there is not a surplus.

Mr. MONTOKA. I might add to what has been said that the 500 acres which are directly benefited by this project constitute the acreage that is usually damaged directly by the floods.

In addition to that, there are 1,700 acres making a total of 2,200 acres that will be protected by this project. The 1,700 acres to which we refer is acreage which will be deprived of water because of the damage to the canal, although there will be no direct flood damages to that acreage.

I might state that the watershed embraces an area of 15,600 acres. The rest of the acreage, other than the 2,200 to which I have referred, constitutes rangeland or high land which is not improved as yet. All of the acreage is cotton acreage of very high quality. This area is in one of the most productive regions in New Mexico and has a history for producing a great yield of cotton per acre.

In addition to the damage which we are trying to obviate by this project, there is also the problem of sediment on these lands, which constitutes an expense to the farmers, averaging about \$25 an acre—that is the history—after every flood for removal or leveling of sediment on the particular acreage which is directly flooded.

Mr. BREEDING. You made a statement that the damage was about \$50 per acre annually.

Mr. MONTOKA. The \$25 to which I referred is for leveling purposes only.

Mr. BREEDING. Are there any other questions? Are there any other witnesses to be heard on this project? Have you gentleman finished with your statement?

Mr. MORRIS. Yes, we are finished, Mr. Chairman.

Mr. BREEDING. We thank you for your testimony. We certainly will give this project every consideration.

Mr. MORRIS. Thank you, Mr. Chairman, and I thank the committee for its consideration.

Mr. BREEDING. The next project to be heard is Badger Creek.

**STATEMENT OF HON. NEAL SMITH, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF IOWA**

Mr. SMITH. I want to thank the committee for this work you are doing. I believe that this Badger Creek project is a worthy one; as you can see by the map up there, it is an area of intense cultivation, somewhat in south central Iowa, but fairly well to the middle of Iowa. It is the kind of project that obviously cannot be undertaken or the objects fulfilled without an overall project plan. Individual farmers cannot do it.

I know there is very intense local interest in this project. There is a willingness to cooperate in any way possible. I know the soil conservation people and others here have the technical data you need. That is all I have.

Mr. BREEDING. Are there any other witnesses on this project?

Mr. SMITH. Not witnesses as such.

Mr. BREEDING. Mr. Brown, will you give your information to the committee, sir.

Mr. BROWN. Thank you, Mr. Chairman. The Badger Creek project is located in Dallas, Madison, and Warren Counties, Iowa, consisting of an area of 34,346 acres. It is sponsored jointly by the soil conservation districts of the three counties concerned and by the Madison County Board of Supervisors. In addition, the three soil conservation districts have already initiated action to form a subdistrict under the Iowa law which will have the power of eminent domain and of taxation to provide for the necessary acquiring of easements and for operation and maintenance of the project.

This project is primarily for two purposes: One is what we call land stabilization, which is the control of the gully erosion that is taking place and seriously damaging the land at the present time; and in addition to that the prevention of flood damages on the area shown on the map in yellow, the flood plain area, which contains 1,491 acres of some of the best land in this watershed.

Mr. SHORT. That is cultivated land?

Mr. BROWN. Primarily cultivated. The watershed area at the present time is used 65 percent for crops—principally corn, oats, and hay—the permanent pasture in the area is 29 percent, with 1 percent woodland and 5 percent miscellaneous uses. That is for the area as a whole.

The benefited flood plain area is slightly higher in land use. The present cropland constitutes 73 percent of the 1,491 acres. It is slightly higher than the 65 percent for the watershed as a whole.

The area is entirely privately owned. There are 210 farms in this watershed. The average farm size is approximately 200 acres. Forty-three percent of the farms already have farm conservation plans for soil and water conservation. This is an area in which farmers have moved forward with their soil conservation districts effectively and they believe that approval of this project will give them the resources to go ahead and to substantially finish the job of land treatment.

Mr. BREEDING. Are you saying 43 percent of the farms have conservation plans today?

Mr. BROWN. Yes, sir; 43 percent of the farmers now have farm conservation plans on which a substantial part of the conservation work is done.

The project proposal includes the extension and intensification of the land treatment practices, including terracing, diversions, farm waterways, smaller stabilizing structures, and rotations and other related conservation practices that the farmers themselves will install.

In addition, the project provides the following structural measures, as shown on the map. There are 4 floodwater retarding structures, there are 43 gully stabilization structures. Those are major size structures above the size that can be installed by farmer action. There are 10 miles of channel improvement on the main creek channel, 249 acres of interfarm waterways, which are waterways which are sloped and seeded to provide outlets for the terracing systems from various farms.

This plan will provide protection from flooding at a 5-year frequency level on 86 percent of the flood plain area.

In addition to that, it will result in a reduction in the gully erosion of 95 percent. The present annual damages in this watershed amount to about \$53,000. Of that amount, approximately \$33,000 are damages resulting from the gully erosion on the upland areas which will be substantially eliminated by these land stabilization structures.

The crop and pasture damage at the present time amounts to about \$10,000 a year on the flood plain area from floodwater.

Mr. SHORT. That is included in the \$53,000?

Mr. BROWN. Yes. The total cost of this project, including land treatment measures and structural measures, will be \$1,468,000. Of that amount, the Federal cost from Public Law 566 funds will be \$1,035,000. The non-Federal cost will be \$433,000.

This project has a benefit-to-cost ratio of 1.9 to 1 and is scheduled for installation over a period of 5 years. It is estimated that the annual operation and maintenance cost on the project will be \$3,755, which will be borne by subdistrict to be formed.

I believe that is the general summary, Mr. Chairman. I would be glad to try to answer any questions.

Mr. SHORT. Mr. Brown, do I have this picture correct in relation to the cost per acre flooded? That is not your whole loss, is it? You are not dealing simply with the flooded acres, but you are also dealing with gullies?

Mr. BROWN. Yes.

Mr. SHORT. In relation to the flooded acres, the cost of the project runs to \$1,000 an acre.

Mr. BROWN. Only about 20 percent of the damages evaluated in this project are floodwater damages to crops and pasture on the flood plain acres. The major part of the damage is the damage resulting from the erosion taking place in these major gullies. It is estimated, for example, in this plan that the gully erosion is totally destroying 23 acres a year beyond any further use at the present time.

Mr. BREEDING. Are there any other questions? If not, we thank you, Mr. Smith.

Mr. SMITH. I would like to add, Mr. Chairman, that I said this was an intensely cultivated area. So it is not misleading, when you think of Iowa, you usually think of level land, but we have level land and then we have areas that are rather rolling. This is in the rather rolling area.

Although it is intensely cultivated, some of it should not be cultivated unless it has good conservation measures on it. The amount of black dirt or productive dirt on some of these slopes is rather thin. You get some sheet erosion or just normal erosion, as far as that is concerned, and you can destroy what it took thousands of years to put there. You can destroy it in a hurry.

Mr. BREEDING. If there are no further questions, Mr. Smith, we thank you.

Mr. SMITH. Thank you.

Mr. BREEDING. Next is Mill-Picayune. Please state your name for the record and proceed.

STATEMENT OF HON. FRED SCHWENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. SCHWENGEL. I am Fred Schwengel, Congressman from Iowa.

I am appearing here this morning in behalf of Ben Jensen, who is a member of the Appropriations Committee and finds it necessary to stay with his committee this morning where they are considering some very important business. He asked me to appear for him. Obviously I do not know all about this project.

Mr. BREEDING. Is this project in Congressman Jensen's district?

Mr. SCHWENGEL. I would like to say before I yield to Mr. Brown to discuss this project in detail, I think that the watershed program we have instituted some years ago is one of the finest and most necessary programs that we have for America. Unless we start taking better care of our soils, posterity is going to be in a sad way, the people in the future will have some real problems.

I want to thank you for the opportunity for Ben to appear in behalf of this project, and to state briefly the case so well presented by Mr. Smith, of Iowa, for his project is very similar to what could be stated for this project. I know it is a very worthy project, the cost-benefit ratios are favorable. I hope you will give favorable consideration to the project.

I might add something for the record that most of you know, of course, that Mr. Ben Jensen is one of the finest and most devoted conservationists in the Congress, and he has a vital interest in this project. I yield to Mr. Brown to discuss this project in detail.

Mr. BREEDING. Will you proceed, Mr. Brown.

Mr. BROWN. Mr. Chairman, the Mill-Picayune Creek watershed is located in Shelby, Harrison, and Crawford Counties, Iowa. It is jointly sponsored by the three soil conservation districts in those three counties, by the Shelby County Board of Supervisors, by the Harrison County Board of Supervisors, by the Crawford County Board of Supervisors, by the town of Dunlap, Iowa, and by the Iowa State Highway Commission.

This project, like the previous one, is for the purpose of land stabilization and flood prevention. It contains an area of 62,994

acres. The benefited area consists of 2,030 acres of highly productive flood plain land and about 15,000 acres of land in the upland area, which is being seriously damaged by gully erosion. It is estimated that the gully erosion is causing loss of about 115 acres annually.

This area is likewise an intensively used area. The land in the total watershed area is 81 percent used for corn, oats, and hay, 14 percent grassland, 3 percent woodland, 2 percent miscellaneous.

The watershed area is entirely privately owned. It contains 441 farms, having an average size of 189 acres. It contains an estimated population as of 1950 of 2,786 people, which includes the town of Dunlap, with a population of 1,409 people.

In this watershed 40 percent of the farms are now covered by basic soil conservation plans and a substantial part of the treatment has been accomplished.

The plan consists of the usual soil conservation practices that will be installed by the farmers themselves, such as terracing, contour farming, waterways, diversions, and so forth.

In addition, it consists of a rather intensive program of land stabilization. It includes 153 gully stabilization structures shown on this map. It includes six floodwater retarding structures having a total capacity of 3,333 acre-feet. It includes 364 acres of waterways and $9\frac{1}{4}$ miles of levees and channel improvement.

The total average annual damage in this watershed at the present time is estimated to be about \$132,000. Of that amount, less than 10 percent, in this case, is floodwater damage. Floodwater damage amounts to a little over \$11,000. The great bulk of the damage is that caused by destruction of land by these major gullies, which amounts to about \$98,000 annually.

This plan will be highly effective in the reduction of all forms of damage. The floodwater damage occurs largely from frequent small floods. It is estimated that will be reduced by 99 percent. It is estimated that the major gully damage will be reduced by 91 percent as a result of this plan. In other words, the total damage reduction will be \$124,000 out of approximately \$132,000 at present.

This project will cost an estimated total of \$3,926,000, of which the Federal cost will be \$3,051,000 or 78 percent, and the local cost will be \$874,000 or 22 percent.

The project has a benefit-cost ratio of 1.3 to 1 and is scheduled for installation over an 8-year period.

The estimated cost for maintenance of the structural measures is \$7,046 annually, which will be borne, which are being guaranteed by the county boards of supervisors and the Iowa State Highway Commission.

I believe that is a general summary, Mr. Chairman.

Mr. SHORT. Mr. Brown, would you clarify for me exactly what the difference is between a project of this kind and the normal soil conservation program going on in the community. Why I ask that question is because of some of the stabilization structures you are referring to. You refer to 153 gully stabilization structures, 364 acres of waterways. Normally, that type of work is done in the normal course of a soil conservation plan on a farm.

In this instance you said that 40 percent of the farms in the area now have soil conservation plans.

Is the problem you are dealing with here the authorization of constructing these facilities on the farms which do not have soil conservation plans? If that is what you propose to do, how do you obtain the authority to go ahead and carry out these developments on farms which do not apparently care to participate in the soil conservation program?

Mr. BROWN. I will try to clarify that. These 153 gully stabilization structures are of such size and cost that they are beyond the limits that farmers, even collectively through pooling agreements, can ordinarily install.

They are structures required to stabilize the wide and deep gullies, many of which are 40 and 50 feet deep in this area, and will have costs involved in the order of \$10,000 or more per structure.

Mr. SHORT. In the event you run into the situation when this structure needs to be on a farm where the farmer is not a participant in the soil conservation program, does this involve the obtaining of a right-of-way or easement from that individual on that land?

Mr. BROWN. It will involve the obtaining of an easement or right-of-way in any event; yes, sir.

Mr. SHORT. Does this district have the authority to condemn property to build a structure of that kind?

Mr. BROWN. In this project, it is my understanding that the county boards of supervisors do have that authority, have guaranteed that they will acquire the easements and the rights-of-way, if necessary by condemnation. That is the plan, if necessary.

Mr. SCHWENGEL. The Iowa Legislature authorized this a number of years ago.

Mr. SHORT. You mean the State of Iowa gave these districts that authority?

Mr. SCHWENGEL. Yes, sir.

Mr. BROWN. It has been our experience, however, that these land-owners become soil conservation district cooperators if there is going to be some installation on their land. We have never experienced any difficulty. In fact, I would say the reason there are not more farmers who are district cooperators now is the fact that there has not been enough technical assistance available in Iowa under the regular going program to provide the help to more than the number of farmers who are now district cooperators. This project will permit the addition of the kind of help needed to bring many more of these farmers into cooperation.

Mr. SHORT. In other words, these smaller structures within the capacity of the farmers themselves to carry out in the normal course of an ordinary SCS plan on the farm will be constructed in that normal procedure?

Mr. BROWN. Yes, by the farmer.

Mr. SHORT. These structures incorporated in this project are the ones that are above and beyond the capacity of the farmers?

Mr. BROWN. That is correct.

Mr. SHORT. Then, of course, you get into this channel improvement aspect of the project that is obviously beyond the capacity of the farmers. You also have the floodwater retarding structure. I do not quite understand that language. Are you saying in effect a dam?

Mr. BROWN. Yes, sir; those are dams which have fixed outlets and

which release the floodwaters that come down into them at a fixed rate within the capacity of the channels below to prevent overflow of the channels.

All of the structural measures for which the Government will pay the construction cost are measures which require detailed engineering and require construction by contract. They are not the kind that can be built by individuals or small groups of individuals as they are doing through ACP.

Moreover, the local people there have obligated themselves in the work plan to install land treatment measures, including smaller structures, at their own cost without Federal help from watershed appropriations other than technical assistance in the amount of \$540,000. That is a part of the local cost of the project.

Mr. SHORT. That is a question I was going to ask. How much more money is being spent on this same land? If that is the farmer's participation, there is also a matching participation on the part of the Federal Government, is there not, that is not included in this \$3,926,000 cost of this project?

Mr. BROWN. Congressman, the going programs that are now operating in the area will continue to provide the services that they now provide. There will not be anything subtracted. In other words, these landowners will still have access to cost-sharing under ACP. They will still have the normal technical assistance provided to soil conservation districts, they will still have credit facilities under FHA, et cetera.

The figures I use here do not include any Federal cost that would be incurred under the normal going program. These costs that I refer to are all additional costs that have been agreed upon as a result of this project.

In other words, these land treatment measures I referred to in the amount of \$540,000 are the measures that local people will install during this 8-year period which they would not be able to fully install without the project.

Mr. SHORT. There would not be any point in their doing that part unless they were able to do the rest of the job, so you had the complete job done. A partial treatment would not accomplish the end objective.

Mr. BROWN. I think there is this to be said. In an area of extensive gullying such as this, many of these conservation practices cannot be installed because they could not be maintained with these gullies working headwards; there is no place to put a terrace outlet, for example. They could not be installed under the normal program. That is what these measures listed in the work plan are primarily, the additional ones that can be installed because the structural program would be provided for.

Mr. SHORT. That is all.

Mr. POAGE. Are there any further questions?

Mr. McINTIRE. I have this map in front of me. There are some five or six major structures.

Mr. BROWN. Six.

Mr. McINTIRE. The land which is flooded by those major structures is paid for, now the acreage flooded there, what happens to that acreage? Presumably this is all private ownership. Is the owner

reimbursed for the value of that land? It looks as though this comprises about 50 to 200 acres of land.

Mr. BROWN. That is a matter for decision by the local organization. As far as the Federal law is concerned and our requirements, it is simply that they must have valid easements for the land duly recorded. In many instances the local organizations get donations of those easements. In other cases they find it necessary to condemn and acquire the land.

Mr. POAGE. We passed a bill out of the committee the other day, and I believe it passed the House, that you can accept these firm commitments to get those easements to take care of California law.

Mr. BROWN. You will find that in most of these work plans that is not spelled out for the reason that if the local organization said in their work plan they were going to pay for the land, it would represent a substantial cost which they might, in fact, not have to incur because they could get donations of a substantial part of it.

Mr. McINTIRE. In a district like this project here, let us say this pond is of a substantial acreage, easements have been obtained. Are these public ponds after that, or are these ponds held in jurisdiction of the project area?

Mr. BROWN. The sponsoring local organization has the right under the easement to manage the structure—that is, the facility to serve its purpose, including the right of ingress and egress for purposes of maintenance. The land ordinarily does not change title in fee to the local organization. They merely have an easement that specifies their right to control the use of the structure.

The landowner is precluded from doing anything that would affect the utilization of the structure. He still owns the land around it.

Mr. POAGE. Is not what Mr. McIntire getting at simply this? That the landowners normally retains the right to use the pond for watering livestock or irrigating his garden?

Mr. BROWN. Yes.

Mr. POAGE. And that right is normally retained to the landowner as a part of the consideration where he gives the land or gives it at a good deal lower price than otherwise; whereas, on the other hand, if the district had to buy the land and pay the full price for it in condemnation, then the district would own the pond and would have these rights. But normally these rights remain with the owner of the land, isn't that the situation?

Mr. BROWN. That is correct, sir.

Mr. SHORT. Mr. Chairman, a little bit further on that, didn't you say a little bit ago, Mr. Brown, that these were not permanent reservoirs; these were retarding structures. These were not necessarily going to be permanent ponds in this particular instance.

Mr. BROWN. Well, these easements cover the entire area that is subject to the flooding at the maximum height of the reservoir. There is in the bottom of each one of these a so-called sediment pool which is provided for accumulating the sediment over the 50-year period so that the flood capacity will not be adversely affected. There will be a water area during the first 50 years.

Mr. SHORT. But the map indicates the maximum acres that will be flooded at the time of an excessive rainfall.

Mr. BROWN. Yes, sir.

Mr. SHORT. And maybe after a few hours it will be down——

Mr. BROWN. But the easements have to cover that as well as the water area that will be in sediment pool.

Mr. POAGE. Are there any further questions? If not, we are very much obliged to you, Mr. Brown.

Mr. Schwengel, do you have any further comments?

Mr. SCHWENGEL. Nothing. Mr. Brown covered it very well. I want to thank you for Mr. Jensen and myself.

Mr. POAGE. We had hoped Mr. Jensen could be present. He has long been interested in flood prevention, but we know you have been in this program all the way through.

The next project is the Marsh Creek project for Kentucky and Tennessee. I believe one of our members is concerned, one of the members of the subcommittee is concerned with that; Marsh Creek.

Mr. SILER. Mr. Chairman, I am interested in that.

Mr. POAGE. Oh, Mr. Siler.

Mr. SILER. Yes, sir.

Mr. POAGE. Mr. Siler, we will be glad to hear from you.

STATEMENT OF HON. EUGENE SILER, A REPRESENTATIVE IN CONGRESS FROM THE EIGHTH DISTRICT OF THE STATE OF KENTUCKY

Mr. SILER. I am Eugene Siler, a Member of Congress from the Eighth District of Kentucky, and I want to thank you for this opportunity to come and express my abiding and very strong interest in the Marsh Creek watershed project which is in my congressional district.

There is one thing that has no direct bearing on this, and yet I feel the committee would always want to know these things, is the fact that this particular county where practically all of the acreage lies in this project has lost something over 4,000 people in the last decade. Many people have left the soil and job opportunities are very scarce. These people need encouraging and they need all the help they can possibly get. I merely mention these conditions in order that you may understand something of the background of this particular farming section.

It is my understanding that the Senate committee has approved the Marsh Creek watershed in McCreary County, Ky., and Scott County, Tenn. This particular watershed covers 22,980 acres of which 22,242 are in McCreary County, Ky., which is in my congressional district.

The structural measures consist of two flood water retarding structures, 8.04 miles of stream channel improvement, and two gradient controlled structures. I don't know what "gradient controlled structures" are, but I suppose you members of the committee know. The proposed installation period is 5 years, and the total estimated cost is \$931,960, of which \$720,830 will be met by the Federal Government. The project when installed is expected to reduce annual damages from flood water and sediment from \$6,874 to \$1,143.

Now, I suppose Mr. Brown has further statistics on this project.

Mr. POAGE. Mr. Siler, would you tell us just for my information whether this is just west of the Cumberland Gap?

Mr. SILER. This is approximately 75 miles west of the Cumberland Gap.

Mr. POAGE. Is that a part of the Cumberland River Basin or does that water flow north?

Mr. SILER. Yes, I suppose you would say it is a part of the Cumberland River Basin, one of the minor tributaries.

I will be glad to answer any questions that I can.

Mr. POAGE. Are there other questions of Mr. Siler? If there are not, Mr. Brown, would you like to comment.

Mr. BROWN. Mr. Chairman, the Marsh Creek watershed project is located primarily in the McCreary County, Ky., 22,242 acres being in Kentucky and only 738 acres in Tennessee. No structural measures are planned in the Tennessee portion of the watershed.

This project contains 948 acres of the flood plain area which at the present time contains only 305 acres of crop land. After the project installation an estimated 519 acres will be used for intensive agriculture purposes. This area is 96 percent privately owned, 4 percent in national forest. It contains a total of 300 farms ranging in size from as small as 3 acres to as much as 400 acres, and averaging 77 acres. It is estimated that 67 percent of the needed land treatment measures which can be installed by the farmers have already been applied in this area.

Mr. Siler has already given the statistics on the kinds of measures that would be included in the project and has told you that there would be a damage reduction resulting from the improvements of 83 percent. The Federal cost of \$720,000 is 77 percent of the total. The local cost is \$211,000 or 23 percent. The project has a benefit-cost ratio of 1.7 to 1, and it is scheduled for installation over a 5-year period. The estimated annual maintenance cost is \$7,931 will be borne by the Marsh Creek Watershed Conservancy District organized under the laws of the State of Kentucky, which district has power of taxation and eminent domain.

Mr. POAGE. The ratio seems to be good, but let me ask you as to what that runs into cost per acre of the benefited acres?

Mr. BROWN. Mr. Chairman, we feel the so-called cost per acre is not really an appropriate measure of the values that are inherent in this project. There are a few other points that I would like to touch on in that regard about this situation.

Mr. POAGE. You may do so, because I can understand on its face if you could spend \$200 or \$300 an acre on a hundred dollar land, it doesn't work out a very sound proposition.

Mr. SILER. We cultivate the hillsides down there, Mr. Chairman. [Laughter.]

Mr. POAGE. I know you do, but this won't benefit your hillsides. I am talking about the number of acres that are going to be benefited and what it will cost to benefit those acres. This would not protect the hillsides, would it?

Mr. SILER. I would think it would.

Mr. POAGE. How would it? It seems to me that is important. Does this project contemplate benefits to the uplands? If so, how, Mr. Brown?

Mr. BROWN. Of course the uplands are benefited by the land treatment measures that are being applied to them.

Mr. POAGE. That is true enough; 67 percent of that has already been done as I understand it. In other words, all land, if you care to farm up at the head of the creek, I think it does some good, and if you plant legumes on it, it does some good, but these structures for which we are paying are not going to affect that upland, are they?

Mr. BROWN. Well, that is correct, sir. The structural measures will affect the 948 acres of flood plain land.

Mr. POAGE. Of which 300-and-some-what is now in cultivation, and you hope 500-and-something will be cultivated after you get it down.

Mr. BROWN. That is right.

Mr. POAGE. Consequently 500 is all that is going to be benefited, isn't it?

Mr. BROWN. If you apply it on the basis of cropland acreage only.

Mr. POAGE. What are you going to do to the rest of it? How are you going to benefit the other 400 acres, was it?

Mr. BROWN. The remaining land after the project is installed would consist of 328 acres of grassland and 101 acres of woodland in addition to 519 acres of cropland.

Mr. POAGE. It won't be a great deal of benefit for that land, will it?

Mr. BROWN. The benefits per acre would be comparatively small as compared to the cropland.

Mr. POAGE. That is right.

Mr. BROWN. You are right, sir.

I have a little supplemental information of what Congressman Siler has related, which, I think, with respect to this project puts it in a rather unusual situation. This is an area in which the curtailment of the bituminous coal industry and the curtailment of lumbering has created an economically depressed area.

Mr. SILER. Very much.

Mr. BROWN. And has increased the pressure on the limited agricultural resources in the county and in the watershed. Per capita income in the county in 1956 was \$572 which was less than half the average for Kentucky and only 30 percent of the national average. The county is classed as "low income" for which rural development is greatly needed. The flood plain of the county is the principal agricultural resource of the entire area.

The proposed project will provide a high degree of flood protection to about 950 acres of flood plain land that is producing only a small fraction now of what it could produce with the flood hazard removed. When the works of improvement proposed in the plan are installed, at least half of the flood plain acreage may be used more intensively and damages will be significantly reduced in the remaining area now subject to flood damage.

The flood plain soils in this area are well adapted to the production of truck crops such as green beans, tomatoes, and strawberries. Horticulturists and economists of the Kentucky Experiment Station have made a detailed study of this area and have provided information to the Soil Conservation Service about the favorable situation for that purpose. They state that the value of developed flood plain land for those crops on the basis of productivity would be \$2,000 per acre. In this area the feasibility of truck crop production has so impressed the Cumberland Strawberry Growers Association that this organization has entered into agreements with the farmers in the Marsh Creek

watershed to market or contract for the sale of all specialty crops produced by them. This type of development has been encouraged as a part of the rural development of the area. Increased agricultural production could provide a labor outlet for as many as 2,000 workers per season on this limited acreage of land. This extremely beneficial development is dependent, however, upon the alleviation of the flood damages currently being experienced in the watershed.

The intangible benefits that will result from this project may, in our opinion, be considerably greater than the tangible monetary benefits that will result from this project because of stabilization of the economy and the population in that area. Additional economic activity will be generated in the watershed community as a result of the improved economic position of the landowners and operators. Sales of farm machinery, fuel, fertilizer, and other products will be increased. An improved labor market for the unemployed and underemployed of the watershed area will result as indicated by the fact that three pickers are usually required for the harvest of each acre of specialty crop and considerable labor is required in processing and packing the produce. Social welfare and unemployment costs will be reduced and the improved tax base will better support community services.

Mr. STUBBLEFIELD. Let me say that I am familiar with McCreary County. I would say that McCreary County is the most economically depressed area in Kentucky, is that right?

Mr. SILER. That is about right.

Mr. STUBBLEFIELD. This will be a great thing for the people down in this part of the country.

Mr. POAGE. Anyone else want to ask any questions or make any comments?

Mr. Siler, we are very much obliged to you.

Mr. SILER. Thank you, gentlemen.

Mr. POAGE. The next project we have on the list is the Mill-Picayune Creek project. This will be a part of the record of the Mill-Picayune Creek watershed. Mr. Coad.

STATEMENT OF HON. MERWIN COAD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA

Mr. COAD. Mr. Chairman, I appear in support of the Mill-Picayune Creek watershed project, a part of which is located in my district. The particular area of this project of my district is rather hilly and rough. The drainage problem, of course, is one which lends itself to very great erosion and so the problem (1) of flooding, and (2) the problem of erosion is exceedingly great in this area. I believe this whole program which has been developed for the Mill-Picayune Creek area is one which has been systematically worked out according to the rules, law and regulations set up, that it will do the job, and that it has been thoroughly engineered, and one which will properly do the greatest good, perform the greatest benefit for the farmers and for the entire area.

It is a network system which has been devised to perform the task that needs to be done, and I wholeheartedly endorse it. There is no opposition of a sustained kind whatsoever to this program. I

believe it should be adopted unanimously by this subcommittee with the motion that it pass the full committee and go on to the Senate.

Thank you, Mr. Chairman.

Mr. POAGE. Mr. Coad, so we may complete this record, this is a rather expensive project involving nearly \$3 million.

Mr. COAD. That is correct.

Mr. POAGE. It involves, as I understand it, a great deal more than the normal project. Consequently, I have assumed that it involved a benefit to a good deal larger acreage than the normal project. Do you have figures as to what the acreage or benefited lands are?

Mr. COAD. I don't have right at my—

Mr. POAGE. Mr. Brown, can you give us that figure?

Mr. SHORT. 620,000 overall acreage is—

Mr. BROWN. Mr. Chairman, the project will prevent the loss of an estimated 115 acres annually by gully erosion, and will benefit 15,000 acres of upland area which would be deteriorated as a result of this gulley erosion over the next 50 years.

Mr. POAGE. That figures out about what rate? That figures about \$50 an acre?

Mr. COAD. \$50 an acre? Are you calculating that for Iowa land? [Laughter.]

Mr. POAGE. 3,051,000. And you think there is about 1,500 acres?

Mr. SHORT. 15,000.

Mr. COAD. This has been approved by the Bureau of the Budget.

Mr. POAGE. This is a little over \$200 an acre.

Mr. BROWN. In addition to that 15,000 acres, there is 2,030 acres in the flood plain area which will be protected primarily by the flood water structures. So you have to divide the cost up.

Mr. POAGE. I think that is right.

Mr. BREEDING. What is this 15,000 acres of land worth per acre?

Mr. COAD. I would say in that area it is worth \$250 to \$300 an acre.

Mr. POAGE. And if the gullies are allowed to go on, it will depreciate it to \$25 or \$50 an acre.

Mr. COAD. That is right.

Mr. POAGE. Are there any other questions of Mr. Coad? If not, thank you very much.

Our next project is the Mississippi project, the Persimmon and Burnt Corn Creek watershed work plan. Our colleague, Mr. Winstead, has asked to appear in this and desires to present a statement which I have. We will make the statement a part of the record without objection and ask Mr. Brown to discuss the project.

(The statement referred to is as follows:)

STATEMENT BY HON. ARTHUR WINSTEAD, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MISSISSIPPI

Persimmon and Burnt Corn Creek watershed, a tributary to Big Black River, contains 33,018 acres and is located in the west central part of Madison County in my congressional district.

The sponsoring local organizations are the Persimmon and Burnt Corn Watershed Drainage District and the Madison County Soil Conservation District.

Existing conditions necessitating this project have resulted in (1) floodwater damages to crops, pastures, and fixed improvements, (2) erosion in the upland areas, (3) difficulty in establishing and maintaining open ditches to remove floodwaters from the low flat areas of the main stem flood plains, and (4) the

abandonment of flood plain lands formerly used for agricultural purposes because of the frequency of flooding and sediment damages.

The application of the proposed works of improvement will accomplish the following: (1) Upland soils will be protected from erosion damage, (2) flood plain lands now in agricultural use can be maintained in a productive condition and will be subject to less frequent damages from floodwater, and (3) potentially productive flood plain land will be restored to former use for the production of crops. These problems will be alleviated to such extent as is economically feasible by establishing land treatment measures for watershed protection and flood prevention, the construction of floodwater retarding structures and by channel improvements.

The works of improvement to be installed over a 5-year period at a total cost of \$934,583 consist of the following measures: (1) Land treatment measures for watershed protection, (2) land treatment measures for flood prevention, (3) four floodwater retarding structures, and (4) construction, clearing, enlarging, and realining 18.3 miles of stream channels. This action will permit needed land use adjustments and enable the landowners and operators to more effectively use their land within its capabilities.

Land treatment measures primarily for watershed protection will include diversion construction, conservation crop rotations, pasture planting, stock pond construction, terracing, waterway development, surface field ditches, secondary drainage ditches, grasses and legumes, tree planting, hydrologic stand improvement and sediment control measures, such as gully plugs. The Madison County Soil Conservation District commissioners are responsible for the installation, operation, and maintenance of these measures. This will be accomplished by landowners and operators through conservation farm plans with the soil conservation district. The Soil Conservation Service will provide technical assistance for the planning and application of these measures, except tree planting and woodland management.

Tree planting on 350 acres and hydrologic stand improvement on 650 acres will be accomplished by the farmers in cooperation with the sponsoring local organization. Technical assistance will be furnished by the Mississippi Forestry Commission under the cooperative Federal-State program.

The installation cost of land treatment measures for watershed protection is estimated to be \$351,773. Of this amount it is estimated that \$334,748 or 95.2 percent will be provided from other funds and \$17,025 or 4.8 percent will be provided from Public Law 566 funds for accelerated technical assistance.

Structural measures consist of four floodwater retarding structures and 18.3 miles of channel improvements. The total estimated installation cost is \$575,438.

The average annual cost of installation, operation, and maintenance for structural measures is estimated to be \$27,586.

The estimated total installation cost of the project is \$934,583, of which \$544,423 or 58.3 percent will be financed from Public Law 566 funds and \$390,160 or 41.7 percent will be financed from other funds. The estimated total average annual benefits are \$63,103. The overall benefit-cost ratio is 2.7 to 1. This is a very high benefit-cost ratio and will provide substantial return to the local community and to the Government on the investment in this project.

Gentlemen of the committee, the local people in Madison County are extremely interested in seeing that this project is initiated and carried to completion. I am convinced, along with them, that the fruition of this project will contribute much toward the growth of the community and the enhancement of its economy. I urge you to take favorable action on its adoption immediately.

Mr. BROWN. Yes, sir. The Persimmon and Burnt Corn Creek watershed is located in Madison County, Miss., and is sponsored by the Madison County Soil Conservation District and the Persimmon and Burnt Corn Watershed Drainage District organized under State law to carry out this type of project. This project is for flood prevention and covers a watershed area of 33,018 acres of which the benefited flood plain area is 2,516 acres. The present land use in the watershed as a whole is about 22 percent in crops of cotton, corn, and hay, 50 percent in grassland, 18 percent woodland, and 3 percent miscellaneous, and 7 percent idle.

Mr. SHORT. Excuse me, Mr. Chairman. What do you mean "idle" land?

Mr. BROWN. Idle land is primarily former cropland that is not being used.

Mr. POAGE. That is soil bank land, isn't it? [Laughter.]

Mr. SHORT. Soil bank land; is that what you are referring to?

Mr. BROWN. Some of it may be in the soil bank now. It has been characteristic in the southeast that if you have a lot of land growing in sagebrush, you know—

Mr. SHORT. Not sagebrush, but broomcorn and that sort of thing. [Laughter.] Simply out of production.

Mr. STUBBLEFIELD. It might even be abandoned.

Mr. SHORT. What I was trying to get at is the difference between abandoned or idle land and grassland or pasture land. It is not important, Mr. Chairman.

Mr. BREEDING. Why would they abandon this land?

Mr. BROWN. It would be abandoned because it is not worth trying to produce a crop on it.

I should make the point that 444 acres of flood plain land out of 2,516 have been abandoned because of the increasing frequency of flooding. That is it is abandoned at this time, not in crop production because flooding is so frequent.

This watershed has had an experience of flooding as much as five times a year over this flood plain area. It is really surprising that they are still attempting to grow crops on any part of it because the flooding has been exceedingly frequent.

The landownership in the watershed is 100 percent private. There are 125 farms in the area having an average farm size of 265 acres. Forty-five percent of the watershed land is now covered by farm conservation plans and a substantial part of the soil and water conservation practices are already applied.

The project will consist of the usual soil conservation practices such as pasture planning. Mechanical practices such as diversion and terrace construction, stock water ponds, and some farm drainage are utilized. There is a critical problem of roadside erosion control which will involve vegetative planning and other forms of stabilization. The structural measures in this plan will include four flood-water retarding structures shown in blue on that map, plus 18 miles of channel improvement to get the water through those flood-plain areas.

Mr. SHORT. Excuse me, Mr. Chairman.

Mr. POAGE. Yes, sir.

Mr. SHORT. You mentioned this channel improvement a couple of times. Would you explain just a little bit more what you mean. You mean clearing out the debris in the channel? Maybe dead trees and that sort of thing?

Mr. BROWN. It means cleaning out the channel, straightening out the alinement in some places where it is crooked and usually enlarging the cross section of the channel by excavation on the bed or the banks to make a channel that is adequate in relation to the amount of water that is outletted from the structures above it.

In other words, in many watersheds we try to develop a plan that gives the best balance between channel capacity below and the structures above to get the most economical relationship.

Mr. SHORT. Now what happens on down the stream? You are building retarding structures up above. You have four of them in this project. Then you proceed to build a nonretarding—or do nonretarding work in the stream below them. What happens on down at the next point the water reaches? Does it go into some large stream?

Mr. BROWN. Yes, it flows into some larger stream, but the rate of outflow will not be any larger than it is at the present because we combine the effect of retardation with opening up the channel sufficiently to get the amount of water through within channel banks where otherwise it would be coming down across all the flood plain lands.

Mr. SHORT. I see.

Mr. BROWN. The amount of flood damage will be reduced by 71 percent. The principal damages in this area are to the crop and pasture land amounting to \$58,000. There is some damage to roads and bridges amounting to about \$2,200. Besides the reduction of those damages to the extent of 75 percent, there will be benefits resulting from the bringing back into cultivation some of 444 acres which have been abandoned in recent years because of the frequency of flooding, which will permit a more balanced farm plan on many of those farms that have both upland and bottom land acreage.

This project has a total cost of \$934,000 of which the Federal cost will be \$544,000, or 58 percent, and the non-Federal cost will be \$390,000 or 42 percent. It has an estimated benefit-cost ratio of 2.3 to 1, and a scheduled installation period of 5 years. The estimated operation and maintenance cost is \$5,515 which will be borne out of tax revenues to be raised by the watershed drainage district.

Mr. POAGE. Mr. Brown, that cost ratio, does that include the total cost? I mean that ration of 2. something 1. Is that against \$900,000 or against the \$500,000?

Mr. BROWN. This benefit-cost ratio, Mr. Chairman, is just for the structural measures. We do not include in that the land treatment measures.

Mr. POAGE. In other words, that is against the \$500,000?

Mr. BROWN. It is against the \$575,000 which is the cost of the structural measures alone.

Mr. POAGE. Yes, sir. By structural measures you include this channel improvement?

Mr. BROWN. That is right; the four retarding structures and the channel improvement together has this ratio of 2.3 to 1.0.

Mr. POAGE. That is a rather substantial cost per acre. We are finding all of these running rather high per acre. Could you give us some idea what your average is running per acre on these projects? For the benefited acres, I mean; I don't mean total—

Mr. BROWN. Well, as I say, that is rather difficult for us to figure, Mr. Chairman. I can give you this, that if you took the total benefits to cropland in the floodplain, which are 86 percent of the total benefits, and divided that by the cost of the structural measures, it would amount to \$198 per acre.

Mr. POAGE. That is on this project?

Mr. BROWN. On this project.

Mr. POAGE. What I am getting at is do you have some idea—or maybe you don't have—do you have some idea about what your aver-

age is running on projects all over the United States, and the cost per benefited acre?

Mr. BROWN. Yes; we have compiled for the committee some statistics here which do show the cost which runs from as low as \$25 an acre up to as high as \$350 an acre or more. I would suppose that the average cost just judging from these figures here—this is taking the average cost against those benefits that can be put on an acreage basis, obviously you can't put road and bridge damage on an acreage basis and you can't put indirect damages which means loss of transportation services and that sort of thing on a per-acre basis—so if you put just crop and pasture damage and other facilities that are built in flood plain on per-acre basis, I would judge that the average cost is running something over a \$100 an acre.

Mr. POAGE. And when you confine it to cultivated land it will probably run to probably \$200 an acre?

Mr. BROWN. That could be.

Mr. POAGE. Any questions of Mr. Brown? Does anyone else have any comments on Persimmon and Burnt Creek projects?

Mr. BREEDING. The figure you quoted per acre was the Federal cost, wasn't it? It was not the total cost. It was the Federal cost?

Mr. BROWN. No; this is the total cost for the structural measures.

Mr. BREEDING. The 2,516 acres of benefited area?

Mr. BROWN. Yes, sir, 2,516 acres of benefited area.

Mr. BREEDING. A total cost of \$934,000?

Mr. BROWN. The annual benefits to that acreage are estimated at \$53,847. Now, 86 percent of that amount are benefits that can be associated with acreage, crop, and pasture benefits. If we take 86 percent of the total cost of the structural measures, that amounts to \$496,500. And if you divide that by the 2,516 acres you get a figure of \$198 an acre.

Mr. BREEDING. I was figuring on a total cost of the project which is \$934,000.

Mr. BROWN. That is right.

Mr. BREEDING. \$371 per acre.

Mr. POAGE. Are there any further questions on this project? If not, we will take up the Tabo Creek project from Missouri. Is there anyone here interested in Tabo?

Mr. RANDALL. Yes, Mr. Chairman.

STATEMENT OF HON. WILLIAM J. RANDALL, A REPRESENTATIVE IN CONGRESS FROM THE FOURTH DISTRICT OF THE STATE OF MISSOURI

Mr. RANDALL. My name is William J. Randall, and I represent the Fourth District of Missouri. I am interested in the Tabo watershed which is located down in my district.

Mr. BREEDING. What is the name of it?

Mr. RANDALL. Tabo; T-a-b-o. It is located in Lafayette County which is in west-central Missouri. It is bound by the Missouri River on the north and the Tabo Creek. It is sometimes called Taboo. It has five tributaries that drain directly into the Missouri River. There is the map.

The principal cities are Lexington, which is the county seat of Lafayette County, and Higginsville, approximately the same size. Both of the cities have about 9,000 or 10,000 people.

Mr. CHAIRMAN. I will leave most of the details to the gentleman from the Department. I would simply like to say that last fall I was invited down by the county court of Lafayette County. In our State the board of commissioners and supervisors are still called judges, and it is called a court. Actually, they have some judicial functions, but the county court is one of the sponsoring agencies of this project together with the landowners and the district which had been formed. I spent an entire day together with some of the State senators and members of the Missouri Legislature, and we toured the area pretty much in detail. The conclusion was, after seeing that area and surrounding areas particularly to the southeast and some to the west, seeing what had happened and what had been accomplished by that portion of the project already constructed, completed, at least to one who has not been familiar with this in the past, I can say the results have been nothing short of spectacular. On the one hand I could see the gullies and the erosion running rampant both to the southeast and to the west, and in this area the work which had already been accomplished was not only highly satisfactory from the result of the amount of work that had been accomplished, but certainly in the words of one of our colleagues this morning, "if we have any intentions of doing anything about saving our topsoil, here was the visible result of what had been accomplished."

Mr. POAGE. There is a soil conservation district here now?

Mr. RANDALL. A district has already been formed, the only one in the State of Missouri. The star on the map is a little misleading. Actually it is a little farther to the west. This constitutes an extension of that project. I think it is set up and, as I say, I will leave the details to the Department. I think it is an 8-year project, isn't that correct?

Mr. BROWN. Yes.

Mr. RANDALL. And I was trying to figure the cost in connection with some of the other questions, the interrogation that has been developing. The total cost, as I see it, is \$4,068,000, however, it is significant in this case—at least significant to me—the landowners are putting up the largest portion of the total overall cost.

Now, about the flood control as distinguished from the erosion feature of the project, the Missouri River has long been a bad boy and a bad actor downstream, and it has contributed both on the north and on the south.

Mr. BREEDING. Does this flow into the Missouri River?

Mr. RANDALL. This flows directly into the Missouri River. As a matter of fact some of the worst flooding occurred this spring occurred down near the mouth of the Missouri near the Mississippi on both sides of the river, north and south. The lands are sloping and rather—not hilly, but quite pronounced slopes, and certainly it is believed by those that were in the meeting, and convincing to me, that this will go a long way toward correcting that flood situation, and at a cost much less—again speaking as a layman—as contrasted with large public works projects.

Mr. POAGE. About how much will this cost per acre? First we have to determine about how many acres will be benefited.

Mr. RANDALL. 84,000 acres in the total project, Mr. Chairman. Of that, it was significant, at least I thought, a moment ago to show the percentage under cultivation. Do you have those figures, Mr. Brown?

Mr. BROWN. Yes, sir.

Mr. RANDALL. It was 60-some-odd percent.

Mr. BROWN. The amount of cultivated land in the benefited flood plain area is 63 percent; grassland, 25 percent; woodlands, 10 percent; and miscellaneous, 2 percent.

Mr. POAGE. Of course, this project as I understand it, is somewhat comparable to that Iowa project where you are getting gullying. You have about a dozen gully plugs in this, don't you?

Mr. BROWN. Mr. Chairman, the map on here shows only in this case, it shows only the floodwater retarding structures in the project. There are in addition some 85 stabilization structures.

Mr. POAGE. Eighty-five?

Mr. BROWN. Eighty-five similar to those in the Iowa project, but they were not plotted on this map, unfortunately. It would look like the Mill-Picayune map.

Mr. POAGE. Is this windblown land?

Mr. RANDALL. Mr. Chairman, that is right. The glacier "loess," I think it is called, the geological expression, is quite common north of the river. There is quite a bit of windblown land up near the north, right just south of the river in other words.

Mr. BROWN. There is the same soil problem area as in both the Mill-Picayune Creek and the Badger projects that we talked about earlier.

Mr. POAGE. You probably don't accept this, but I had an old man down in my country at one time who described that as "soluble soil." [Laughter.]

Mr. RANDALL. I believe I will let Mr. Brown proceed and I will follow him and I think I can supply some additional facts.

Mr. SHORT. Mr. Chairman.

Mr. POAGE. Mr. Short.

Mr. SHORT. Did I understand you to say you experienced some flooding along the big Missouri down there last spring?

Mr. RANDALL. Farther on downstream; not right at this point. No, not right in this area, but this contributed to it in my opinion on downstream.

Mr. SHORT. I thought we had that big Missouri River about half-way under control.

Mr. POAGE. Oh, but there are a thousand miles between you and him, aren't there?

Mr. SHORT. I thought we were the ones that were causing all these floods, and maybe our contribution of the half million acres in North Dakota to stopping floods has been somewhat without avail.

Mr. RANDALL. I don't believe that is true, Congressman. I will simply say there were areas in Jackson County to the left of Lafayette County which were under water this past spring. I am from Jackson County, and I know there is a lot.

Mr. BREEDING. I think there is still lots of work to be done on the tributaries along the Missouri. The Government started up in your area, Mr. Short, but there is work to be done farther down.

Mr. POAGE. They did that to provide navigation and not flood control. I understand that is exactly the reason. Your big dams are

there on the main river without anything to protect the dams because somebody wanted to run boats up and down the river.

Mr. SHORT. We didn't have anything to do with that.

Mr. POAGE. I know that.

Mr. BREEDING. They got to Kansas City with their boats.

Mr. POAGE. Mr. Brown, if you would care to go on.

Mr. BROWN. The Tabo project in Lafayette County, Mo., is sponsored by the Lafayette County Soil Conservation District which includes the authority provided for under the State subdistrict act, meaning that it has authority for condemnation and taxation. It is also sponsored jointly by the Lafayette County court, the governing body of the county. This project, as is the case of those Iowa projects, is for land stabilization and flood prevention. The land stabilization is perhaps a little more important than the flood prevention feature.

This is a watershed area of 84,895 acres, and contains a population of about 1,500 people. It has a benefited flood plain area of 3,066 acres. The upland area that is being destroyed by gullying is estimated at 252 acres annually. The watershed as a whole has 60-percent cropland, principally corn, wheat, and soybeans. Most of the row crops are fed on the farm in this area because it is primarily a livestock enterprise area. Grassland includes 23 percent of the watershed; woodland, 3 percent; and miscellaneous, 5 percent. The benefited flood plain area contains 63-percent cropland, which is somewhat less than the cropland for the watershed as a whole because of the frequency of flooding.

The watershed is 99 percent privately owned. It contains 555 farms, having an average size of 174 acres. The current average market value per acre is about \$250. Of the farms 134 now have conservation plans and substantial part of the on-farm conservation treatment is already on the land. A very large additional conservation job has been bargained for by the local people in this watershed to accomplish the watershed objectives. I might mention there that out of the total estimated cost of \$4,068,000 for the project, local people have indicated their willingness to install on-the-farm treatment measures at an estimated cost of \$1,875,000. Incidentally, that includes in this project an estimated 300 small structures of the size that can be installed by the landowners which are an addition to the 85 major stabilization structures that will be installed by contract as a structural measure on the project. Those small structures, Mr. Chairman, are estimated to cost \$277,500. So you can see that they are averaging just slightly less than a thousand dollars each. When you get much beyond that in cost you very nearly have gotten beyond the capacity of individual landowners even with ACP cost sharing, which I assume they will get on most of these structures, on a 177-acre farm to finance the on-the-farm improvements. When the structures get larger than that, it is almost necessarily a public responsibility to get them installed. The project consists of these 11 flood-water-retarding structures shown on the map, having a total capacity of 4,286 acre-feet, the largest one of them being 916 acre-feet. So they are really not large structures. The damages from flooding in this watershed amount to only a little over \$23,000 a year as compared with a gully erosion damage estimated at \$152,000 per year. So you can see the principal damage that is occurring is this upland

gully damage, and that is what the design of this project is primarily aimed at.

It is estimated that the project will reduce this gully damage by 81 percent as compared with about 50 percent reduction in the flood-water damages.

Mr. POAGE. What is the cost-benefit ratio on this?

Mr. BROWN. The benefit-cost ratio is just 2 to 1 on this project.

In terms of land treatment measures, they will cost slightly over \$2 million, approximately the same amount as the structural measures which also are slightly over \$2 million. The land treatment measures' cost will be borne 92 percent by local people with such ACP help as they may get under the regular program. The structural measures will represent a Federal cost of \$1,758,000 or 86 percent; and a local cost primarily for easements and rights-of-way of \$280,000, or 14 percent. The project is scheduled for installation over a period of 8 years, and will require an estimated \$10,370 for annual maintenance, which is to be guaranteed by the subdistrict of the soil conservation district and by the Lafayette County court.

Mr. POAGE. Are there any questions of Mr. Brown? If there are no questions, Bill, did you have anything further to say?

Mr. RANDALL. Only this: I call attention again to the committee to the willingness, and expressed verbally that day by that sizable delegation, probably 75 or 80 farmers in this group that came to the meeting at the courthouse in Lexington, willingness to put up this \$280,000. They believe in it. They are highly enthusiastic about it and well organized and willing to proceed from what has already been started.

Mr. POAGE. We appreciate your good explanation of this project.

Mr. RANDALL. I thank you for letting me know about it.

Mr. POAGE. You have a very difficult problem there to deal with. I appreciate your presenting it to us.

Mr. RANDALL. Thank you, sir.

Mr. POAGE. It is noon, but we have two more projects here that are now being represented. We are going to hear them now. We have six more. We have seven more that were sent to the House, and have to be referred to the committee in the House. The Speaker promised to refer them immediately upon convening, and they should be here this afternoon. I thought we could probably this afternoon try to have some kind of session. I realize there is a bill on the floor, but we will have to contend with that.

We now have Mr. Hemphill's project, Fishing Creek, S.C. Is there anyone here to represent Fishing Creek?

**STATEMENT OF HON. ROBERT W. HEMPHILL, A REPRESENTATIVE
IN CONGRESS FROM THE FIFTH DISTRICT OF THE STATE OF
SOUTH CAROLINA**

Mr. HEMPHILL. Mr. Chairman, my name is Robert W. Hemphill. I am privileged to represent the Fifth District of South Carolina in which this project is located. I deeply appreciate your consideration, the consideration of this committee, and I want to thank Mr. Brown and the soil conservation people. We think soil conservation is the best program the Agriculture Department has. We are a thousand

percent for it, and I am going to file the balance of my statement and not trespass on your time any further.

Mr. POAGE. Very well.

(The statement referred to is as follows:)

STATEMENT OF ROBERT W. HEMPHILL, MEMBER OF CONGRESS FROM THE FIFTH DISTRICT OF SOUTH CAROLINA

Mr. Chairman and members of the subcommittee, I deeply appreciate your allowing me to appear and make a statement in behalf of the Fishing Creek watershed project in York County, S.C., in my district. I am heartily in favor of this project and I salute the landowners who are participating and those able members of the Soil Conservation Service who have worked so hard to bring about this project.

The York County Soil Conservation District is known as the Catawba Soil Conservation District, named after the Catawba Indians. We are so fortunate in having, as supervisors, some of the ablest men in York County, viz: Mr. W. B. Wilkerson, Jr., Mr. Vernon O. Grant, Mr. Earl P. Classcock, Mr. R. S. Flanagan, and Mr. J. P. Rogers.

On more than one occasion I have met with this group of supervisors on soil conservation matters. Each of them has a knowledgeable working interest in soil conservation, and have given great leadership to practices in their district. Each of them has conferred with me individually and we have conferred as a group about the Fishing Creek watershed project.

This is a very necessary project for flood control, water conservation, and preservation of soil erosion. The terrain through which Fishing Creek flows is in the foothills of the Blue Ridge Mountains, commonly known as the Piedmont section of South Carolina. It is on what is known as the Fall Line in South Carolina, and the fall of Fishing Creek is steeper than levels of creeks in the eastern part of the State. By virtue of the topography, whenever seasonal rainfall is at its heaviest, or in times of unusual and extreme rainfall, this creek becomes filled with topsoil of the area. The water is not stored or utilized under present conditions but it could be and irrigation encouraged by means of this project.

In addition, the election of collecting dams and other installations in the project stem the flow of the level at floodtide and prevent the washing away of the topsoil from the flooding lands adjacent to its banks.

I will not go into the statistics, or the details of the project. They will be presented to you by technicians. I do want you know that I heartily favor the project and I urge your favorable consideration.

There is a real need for this project in my area of the country. I would point out some of the reasons other than those given above but I am sure that those people from the Department of Agriculture Soil Conservation Service have already justified to the Department the need and that this great committee recognizes that justification.

We are fortunate to have in our State our chief conservationist, Dr. T. S. Buie, of Columbia, with whom I have conferred on this project. He was enthusiastic. I have also conferred with Mr. J. L. Wilson, of my hometown, and who is also the area conservationist for York County, who will heartily recommend this project, too.

Mr. POAGE. I want Mr. Brown to explain the project. Mr. Brown.

Mr. BROWN. Yes, sir. The Fishing Creek watershed project is located in York County, S.C., and is jointly sponsored by the Catawba Soil Conservation District and the Fishing Creek Watershed Conservation District, a local organization created by the State Legislature of South Carolina with the power of taxation and eminent domain, which will provide for the installation and maintenance of the structural measures.

The purpose of this project is flood prevention. The watershed area is 31,843 acres, of which the benefited flood-plain area is 1,236 acres. The present land use in this project is 21 percent cropland, principally small grain; 34 percent grassland; 40 percent woodland; and 5 percent miscellaneous.

At the present time the flood-plain area is practically out of agricultural use because of the frequency of the flooding. The present use is 25 percent for pasture, no cultivated crops being grown in it, and 75 percent woods and brush. This project will permit the increase and improvement of pasture acreage to 54 percent of the flood plain. It will permit the opening up and cultivation, primarily for corn in connection with livestock enterprises, of 24 percent of the acreage, and will reduce the woods and brush areas to 22 percent.

The watershed area is entirely privately owned. It contains 258 farms, having an average size of 125 acres. The estimated farm value of land and improvements in this watershed is \$8,125, which indicates that it is not a high value area. That is on the lower side from an economic standpoint and the availability of this bottom land area. If floods can be prevented it will very materially increase the agricultural economy of the area; 31 percent of the farms now have conservation farm plans, and are moving ahead with the installation of their land treatment measures. The treatment measures in this area will be primarily pasture and hay land improvements, tree planting, and stock water ponds, and diversions, and that type of work. There is a serious problem of roadside erosion control which will be remedied by vegetative plantings. The structural measures in the project as shown on the map include four floodwater retarding structures and approximately 82,000 feet of channel improvement. Again, it is one of those balanced projects similar to the one in Mississippi in which we have attempted to balance floodwater retardation with improvement of the channels so as to make the land sufficiently flood free to permit its use for agriculture purposes.

The total project cost is \$740,000, of which the Federal cost will be \$448,000, or 60 percent; and the non-Federal cost will be \$292,000 or 40 percent. Now, out of that \$292,000, local people, farmers, have bargained to apply conservation practices estimated to cost \$250,000. For the structural measures alone the Federal cost is \$414,000, or 91 percent, and the cost of easements and rights-of-way and administration is \$39,000, or 9 percent.

Mr. POAGE. The cost of easements and rights-of-way are not borne by the Federal Government.

Mr. BROWN. No, that is local cost; \$39,000 is local cost which is 9 percent of the total structural cost. This project has an estimated benefit-cost ratio of 1.2 to 1. It will be installed over a period of 5 years and will involve an estimated maintenance cost of \$6,000, annually for the structure which will be borne by the watershed district.

Mr. POAGE. And it figures out about \$36 an acre for the benefited land, is that about right?

Mr. BROWN. Well, I suppose that would be approximately right, Congressman. It is a question in this case, I think, of how to relate the benefits that will accrue from the changed land use, the intensified land use really to the whole farm enterprise. For example, the net benefits from a farm in this area of comparatively small size, to the farm unit as a whole, could hardly be figured on the 10 acres that he might have in the bottom land alone because the ability to use that 10 acres for a cornfeed base, permitting him to convert other lands into improved pastures might increase his net income for the farm

as a whole, 'way beyond what you would figure for this individual 10 acres on the bottom land. That is just one of the difficulties that we see in trying to assess benefits against the acreage rather than taking a whole farm enterprise.

Mr. POAGE. I don't think this matter of cost per acre is something that should be the entire determining factor. I think it is something you have to take into consideration; just like I don't think your cost-benefit ratio is alone an adequate measure. But I think it will give you some kind of guide somewhat to expect from the projects.

About what is that land worth now, Bob?

Mr. HEMPHILL. From \$50 to \$75 to \$100 per acre.

Mr. Chairman, we have finally learned in South Carolina about diversified farming among other things. In this particular area we are now growing grapes successfully. We have been growing peaches on the contract. We have the finest peaches in the country. By diversifying and using these particular lands, actually we are reviving our agricultural economy. Our agricultural economy in South Carolina was disheartening. But these soil conservation people have done the best job, and I don't mind being quoted, than anybody I know in helping out farmers. I am 100 percent for their programs and I think they are the best I have ever seen. I am a cooperator, as they call it, myself down in my own home country, and we think this is going to do a lot for these people in this area.

Mr. POAGE. We thank you very much for this presentation.

Now we have one more project that is pending, and that is the Bad Axe watershed project. Is there someone here on behalf of that project?

**STATEMENT OF HON. GARDNER R. WITHROW, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF WISCONSIN, PRESENTED BY
JEAN GILLIGAN**

Miss GILLIGAN. Mr. Chairman, I am Jean Gilligan from Congressman Gardner Withrow's office and I am here to express his gratitude in this project. The details are left up to Mr. Brown.

Mr. POAGE. We appreciate your interest and Congressman Withrow's interest. Senator Wiley, I believe, wanted to present a statement, and without objection that will be made a part of the record. He sent it over to the office and that will be a part of the record.

(The statement referred to is as follows:)

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
June 2, 1960.

HON. HAROLD D. COOLEY,
Chairman, House Agriculture Committee,
Washington, D.C.

DEAR MR. CHAIRMAN: I understand that the Bad Axe Watershed Association has applied for a watershed work plan for the Bad Axe watershed to be carried out with Federal assistance provided under the authority of Public Law 566. The plan, sponsored by the Vernon County Soil Conservation District, consists of an interrelated system of land treatment measures and eight flood-water retarding structures to protect and improve the soil and water resources of the watershed and to reduce the frequency and severity of flooding on almost 4,000 acres of agricultural flood plain in the watershed.

In view of the fact that a survey by the Soil Conservation Service showed an annual flood loss of \$64,000, I would appreciate it if the committee will give its approval to this project.

With best wishes, I am,

Sincerely yours,

ALEXANDER WILEY.

Mr. POAGE. All right, Mr. Brown.

Mr. BROWN. Yes, sir. The Bad Axe River watershed is in Vernon County, Wis. It is sponsored by the Vernon County Soil Conservation District which has entered into agreements with the Vernon County Board of Supervisors and the town boards of six towns in the watershed to provide financial support in the installation and operation of maintenance of the project. This project is for the purpose of flood prevention. It includes a total watershed area of 132,000 acres of which the benefited flood-plain area is 3,870 acres. In the watershed as a whole, the present land use is 53 percent for crops, principal crops being tobacco and corn. It has 10 percent grassland, and 33 percent woodland, and 4 percent miscellaneous land. The watershed area is 100 percent in private ownership and contains 880 farms having an average size of 150 acres.

More than 50 percent of the farms in this area now have farm conservation plans and are proceeding with the application of their conservation measures. The conservation practices included in the plan are contour strip cropping, terracing, pasture improvement, and grassed waterways, together with tree planting, grass protection, and other forest improvement measures. The plan includes eight flood-water retarding structures having a total capacity of 8,100 acre-feet, the largest structure being 3,100 acre-feet.

The protection provided in the upper region of the watershed, the part shown in green below the structures, is sufficient for intensive crop production. The flood protection decreased somewhat as you come further downstream, but in the lower reaches the damages will still be reduced from 30 to 45 percent; 90 percent of the land in the lower reaches is now in pasture and the protection provided is sufficient for that use. The more intensive use will be in the upper reaches of the flood plains. The crop and pasture damages in the watershed at the present time will be reduced by 65 percent. The crop and pasture damages are estimated to be \$26,000 at the present time, other agricultural damages \$15,000, and road and bridge damage is unusually heavy in the watershed. The total damage reduction will be \$46,000 annually. The total benefits, however, resulting from intensified land use added to damage reduction will be \$68,000 annually. The total cost of this project will be \$1,530,000, of which the Federal cost will be \$1,158,000 or 76 percent, and the local cost will be \$372,000, or 24 percent. Out of the local cost of \$372,000, \$307,000 will be for the installation of the on-the-farm conservation practices, and \$75,000 will be the required cost of land easements and rights-of-way and administration contracts.

The structural measures cost will be 94 percent Federal cost for construction and 6 percent of the cost for easements and rights-of-way, and other local costs.

The benefit-cost ratio on this project is 1.44 to 1. It is scheduled for installation over a 5-year period, and will involve an estimated

annual maintenance cost of \$2,937, to be borne by the Vernon County Board under agreement with the soil conservation district.

Mr. POAGE. Are there any questions of Mr. Brown? I don't want to hasten this, but there is a quorum call on in the House now and I think the committee will have to go to it.

Wouldn't it be satisfactory to come back here sometime this afternoon? We may have trouble. Can you come back, Mr. Brown? We may have calls on the floor; I don't know.

Miss GRAVES. Maybe Mr. Brown doesn't know——

Mr. BROWN. We are prepared on these.

Mr. POAGE. We can have the committee room this afternoon. It will be much more convenient. Let's meet, then, in 1310 this afternoon. What time would suit you, 2 o'clock?

I don't know what the situation will be on the floor, but let us say 2 o'clock. If we run into problems, we will be happy to stand aside.

(Thereupon, at 12:30 p.m., the subcommittee recessed, to reconvene at 2 p.m. of the same day.)

AFTERNOON SESSION

Mr. POAGE. The committee will please come to order.

We have properly referred to the committee some additional projects that have just been recently acted on by the Department.

The first of those is the North Broad River in Georgia, and Congressman Paul Brown has advised that he wants to submit a statement in connection with that.

We don't have the statement, do we? Not yet. Do we have anybody here who wants to appear in behalf of the North Broad River?

If there is nobody here in behalf of the North Broad River we will admit Mr. Paul Brown's statement in the record and ask Mr. Carl Brown to speak on it for the Department.

STATEMENT OF CARL BROWN, ACTING ADMINISTRATOR FOR WATERSHEDS; ACCOMPANIED BY JOHN H. WETZEL, DIRECTOR, WATERSHED PLANNING DIVISION; AND CHARLES SWIGART, ASSISTANT DIRECTOR, WATERSHED PLANNING DIVISION

Mr. CARL BROWN. Mr. Chairman, Mr. Wetzel has done our homework on this new group of projects and I would like to ask him to explain this project for you.

Mr. WETZEL. The North Broad River watershed is located in Franklin, Hart, and Stevens Counties in Georgia. It is a rather interesting project in that you will notice from the map that this watershed is adjacent to the North Fork of the Broad River pilot watershed. This was designated as a pilot watershed under the pilot watershed program and has been completely installed. The program has been so effective that the local people in the lower reaches of the North Broad River have taken a very great interest in developing a similar watershed project for their area.

The project is sponsored by the Broad River Soil Conservation District, the Franklin County government, and the Stevens County government. It covers an area of about 46,000 acres and the primary purpose of the project is flood prevention.

The land use in the watershed is 23 percent in cropland which is principally in cotton, small grain and corn, 10 percent grassland, 53 percent woodland, and 14 percent miscellaneous.

The area that will be benefited by the proposed program includes 3,035 acres of flood plain land.

The landownership is entirely in private ownership with 740 farms averaging about 75 acres each.

The principal measures that are being proposed are the land treatment measures on the watershed lands, which include terracing, construction of waterways, pasture establishment, and some drainage, about 38 percent of the needed measures have already been installed on the watershed lands.

The structural measures consist of eight floodwater retarding structures, having a total capacity of 4,771 acre-feet with the largest being 1,342 acre-feet.

In addition there is a considerable stabilization of critical sediment source areas which occur in the form of gulleys and road bank erosion.

Crop and pasture damages in the watershed will be reduced by 96 percent and road and bridge damage by 78 percent. There is some minor sedimentation damage, and flood plains scour. The total program as proposed will decrease the flood damages by 93 percent.

As far as the project costs are concerned, the total project cost is \$996,000 of which the Federal Government will bear 58 percent or \$579,000. Local people will bear 42 percent or \$416,000.

The benefit-cost ratio is 1.2 to 1. The scheduled installation period is 5 years. The local organizations, the soil conservation districts and the county governments are assuming the responsibility for operation and maintenance, which cost is estimated at \$6,207 annually.

Mr. POAGE. I want at this point to ask something that I have been wanting to know. These reports that you make to the Bureau of the Budget, this one indicates a total cost of \$536,930, Federal costs, the overall plan of \$536,930 and S. 2060, now that is Senate bill—what does that mean in the first place?

Mr. WETZEL. That letter was written with reference to Senate bill S. 2060 which is the uniform cost sharing bill and applies only to the cost of structural measures for flood prevention purposes.

The cost of structural measures for flood prevention purposes in this plan is \$492,325, which is the Federal cost itself which I believe is the figure you have, and the total cost is \$536,930 for the structural measures.

Mr. POAGE. Yes, but you told us the total cost was \$900-some-odd thousand.

Mr. WETZEL. In addition to the structural measures there are the costs for technical assistance for the land treatment measures, the costs to the local people for installing the land treatment measures, and that represents the difference between the cost of the structural measures alone which are the only measures covered in that letter which you have.

Mr. POAGE. Now, then, in non-Federal cost in this letter is what—this letter shows \$440,000 on work plan and shows S. 2060, \$161,000. What is that \$161,000?

Mr. WETZEL. \$161,000 represents 30 percent of the total cost of the structural measures which would be the minimum local contribution that would meet the requirements of Senate bill 2060, if it were enacted.

In other words, if the uniform costs sharing bill were enacted the local people would be required to put up that figure which you have, rather than the \$44,605.

Mr. POAGE. You mean they actually will be only required to put up \$44,000?

Mr. WETZEL. That is right.

Mr. POAGE. Whereas if the Senate bill were passed, they would have to put up four times that much.

Mr. WETZEL. That is right.

Mr. POAGE. Just what is the purpose of putting that in here, I mean that is just for the benefit of the Bureau of the Budget. What is the reason for that? That Senate bill is not law as I understand it.

Mr. WETZEL. That's right, sir. We have been requested or I will say instructed by the Budget Bureau, to include that information in each transmittal to the Congress.

Mr. Poage. Suppose we introduced some bill here that changes the cost-sharing basis, is the Bureau of the Budget going to require you to give us an estimate of what it would cost under the proposed legislation?

Mr. WETZEL. I don't know, sir.

Mr. POAGE. I think we had better have the Bureau of the Budget come up here and explain this to us, don't you?

Do you have some figures showing what this costs per acre, benefited acre?

Mr. WETZEL. The cost per acre benefited is \$161.

Mr. POAGE. \$161.

Mr. WETZEL. That is right, sir.

Mr. POAGE. What is that land worth down there?

Mr. WETZEL. I do not have that information, sir. Do we have an estimate on that?

Mr. POAGE. What part of Georgia is this? I can't tell from that map. It must be northeast Georgia.

Mr. CARL BROWN. It is, up in northeast Georgia, and the type of country down there, Mr. Poage, is very similar to the country in this Fishing Creek project that was discussed this morning. My guess is average land value in there, average for the whole watershed would be \$75, maybe to around \$100 per acre. However, this value in the flood plain would be well above that because that is the best potential agricultural land in the area.

Mr. POAGE. But most of that flood plain now is of such a condition that you can't use it.

Mr. CARL BROWN. Very substantial part of it.

Mr. McINTIRE. Mr. Chairman, that brings up the point that I was interested to raise here in relation to the land use table here on page 25 of the report, which you may or may not have there with you. I was interested to look at this present condition and note that 980 acres of this 1,500 acres in the project area are in woodland, and 61 acres are in corn. Well, then, the projected land use schedule provides that there would be 506 acres in corn and 213 acres in woods, and a

change from 4 acres of truck crops to 95 acres of truck crops. What is the present characteristic of this land that would justify the clearing of 700 acres of it from woods to put it into corn and truck crops?

Mr. WETZEL. Practically the entire flood plain area, sir, is very fertile land which has been, as we call it, swamped out; in other words the channels have been completely filled with sediment as a result of previous flood damages.

The owners have, due to the hazard involved in continuing cropping on the flood plain area, permitted it to grow up not in woods, it is brush, but in accordance with our classification it does show as woods.

It is that type of land which when provided the flood protection, the owners go out and, largely they can plow up the brush, that is about all it amounts to, and return it to cultivation since it is the very finest land in the entire watershed.

The benefit which we use is restoration to former productivity.

Mr. McINTIRE. Is there a farmer in this situation? Was this area tilled land which is now in brush?

Mr. WETZEL. Yes, sir, and we have records indicating the previous use of the land back as far as we can establish that use.

Mr. McINTIRE. Thank you.

Mr. POAGE. Are there any further questions?

If not, we are very much obliged to you for your presentation of this case.

If I may, I would like to go back to the Georgia project. I see our colleague Mr. Brown has come in, and if it will be all right, pass back to the North Broad River project.

We discussed this, Mr. Brown, and understood that you would make a statement and Mr. Carl Brown has given us an explanation, but we will be delighted to hear from you at this time and this will go with the North Broad River project.

STATEMENT OF HON. PAUL BROWN, A REPRESENTATIVE IN CONGRESS FROM THE 10TH DISTRICT OF THE STATE OF GEORGIA

Mr. PAUL BROWN. He would know more about this than I would. My people are interested in it and I would like to make a statement.

Mr. POAGE. We will be glad to hear any statement you desire to make.

Mr. PAUL BROWN. Mr. Chairman and members of the committee, in the North Broad River watershed there are approximately 740 farms that will be benefited by this project of watershed protection and flood prevention. The principal agricultural enterprises are cotton, small grains, corn, chickens, livestock, and livestock products.

The project is sponsored by the Broad River Soil Conservation District and Franklin and Stephens Counties.

Several towns in the area will indirectly benefit from any agricultural development or improvement of the area. These include the towns of Martin, Lavonia, Bowersville, Canon, Royston, and Franklin Springs.

There are eight floodwater dams in the project and approximately 24 miles of stream channel improvement.

This project will reduce erosion damage to upland areas in the watershed and reduce flood damages to valuable flood plain lands

which, if protected, could be more intensively used by the farm operators. As a matter of fact there is a considerable area of flood plain land formerly used for crops and pastures that is now flooded so frequently that it is in low grade brush and woods, or idle. This project will permit a conversion of these areas to more productive agricultural uses to the benefit of the individual farmers and the entire community.

The project will also permit a shift in land use from cropland on sloping upland hillsides to grassland to permit better and wiser use of soil resources.

There will be slightly over 3,000 acres of flood plain benefited to some degree as a result of the flood prevention measures in this project. About 1,500 acres of flood plain will be benefited by the proposed structural measures and a larger part of the 1,500 acres will be used more intensively for the benefit of the entire watershed community.

Within the watershed 38 percent of the farms now have farm conservation plans.

This project is adjacent to a pilot watershed that was planned sometime ago and is now well on the way to being installed (North Fork of Broad River is the pilot project).

The cost to install the entire project is about \$1 million. A little less than 50 percent will be used to install land treatment measures on the farms and the remainder will be used to install the structural measures.

The sharing of the total installation cost is about \$600,000 Federal funds under the Watershed Protection and Flood Prevention Act as amended and about \$400,000 local, State, and other Federal funds.

This project is expected to provide about \$1.20 for each \$1 of cost. In addition, there are many intangible and secondary benefits that will accrue which have not been evaluated in monetary terms that I feel will make a significant impact on this area.

This project has been approved by the Governor of Georgia, the U.S. Department of Agriculture, the Department of the Army, the Department of the Interior, and the Director of the Budget. I urge its approval by this committee.

Mr. POAGE. Do you have an idea, about how much per acre that is going to cost?

Mr. PAUL BROWN. How much?

Mr. POAGE. Per acre of benefited land?

Mr. PAUL BROWN. Well, there are about 3,000 acres that will be benefited you know and it costs something like a million dollars that is for the Government, State, and county. It is in a fine section of the country and land is pretty valuable in that section.

Mr. POAGE. What is your land worth?

Mr. PAUL BROWN. I couldn't say what that land is worth, but I imagine that land is worth around \$50 or \$60 an acre.

Mr. POAGE. I believe we figured this was one of the less costly projects and we would be spending on only about \$30 an acre.

Isn't that right?

We don't want to detain you because there is a quorum call on.

Is there anything further of Mr. Brown?

If not, we are much obliged to you for coming over here to present your case.

We will pass on to the next project, which is the Caney Creek project.

Mr. STUBBLEFIELD. Mr. Natcher has a committee meeting but he was over this morning to express his interest in this project. He is very much interested in it.

Mr. POAGE. He doesn't want to appear this afternoon?

Mr. STUBBLEFIELD. He wanted to but he was precluded from appearing.

Mr. POAGE. What I meant was we would be glad to hear Mr. Natcher now if you think he wants to appear.

Mr. STUBBLEFIELD. It was his wish that you proceed with the hearing without him.

Mr. POAGE. Well, do either way he likes. We will either hear your two projects now and call him or we will just proceed without him. We know of his interest in the project.

Mr. STUBBLEFIELD. Let's just proceed without him.

Mr. POAGE. Then, Mr. Brown, if you will tell us about Caney Creek.

Mr. WETZEL. Mr. Chairman, Caney Creek watershed lies in Butler, Grayson, and Ohio Counties, Ky.

It is a tributary to the Ohio River. The project is sponsored by the Butler County Soil Conservation District, Grayson County Soil Conservation District, the Ohio County Soil Conservation District and the Caney Creek Conservancy District which is a legal organization under Kentucky State law.

The purpose is entirely flood prevention. The area of the watershed is 97,310 acres. This is a rather interesting watershed in that the earliest settlers in the watershed came in about 1776. The upland areas were very heavily wooded with very fine oak timber. The early settlers began clearing the timber from the upland areas. They found quite a market for it, they could float it down the river and as a result by 1910 which was about the time that the very fertile bottom lands were recognized as being very fertile, the timbering had ceased, and the bottom lands had been pretty well ruined by the products of erosion from the cutover upland areas.

There has been a steady and decided effort to cultivate the bottom land areas, but it has been extremely discouraging and the landowners have not been willing to risk the cultivation of these bottom land areas to any appreciable extent due to the flood hazard that develops from the clogging up of the channels.

The type of farming in the watershed is general farming, 35 percent of the area in cropland, 24 percent in grassland, 26 percent in woodland, and 15 in miscellaneous use.

The land ownership is 100 percent private, with 1,352 farms averaging about or ranging from 3 to 800 acres. The land treatment measures that are proposed for the upland areas include contour farming, strip cropping, pasture planting, and treatment, diversions, waterways, pounds, drainage, tree planting and woodland protection from grazing.

The major structural measures that are proposed are 10 floodwater retarding structures, with a total capacity of 12,265 acre-feet. The largest structure being 2,284 acre-feet. In addition to the 10 flood-

water retarding structures the plan proposes 20 miles of stream channel improvement.

At the present time the 5-year flood inundates about 5,795 acres. With the project installed this will be reduced about 70 percent or only roughly over 1,000 acres will be subject to flooding.

In addition there are substantial railroad and urban damages involved within the watershed. The project as proposed will provide complete or 100-year protection against the urban and the railroad damages.

Overall, the damages in the watershed will be reduced 80 percent with the project.

So far as costs are concerned, the structural measures will cost a total of \$2,043,000 of which the Federal Government will bear 5 percent or \$1,936,000.

The local people will bear 5 percent or \$106,000 of the structural measures cost. There will be \$172,000 Federal costs for technical assistance for the installation of the land treatment measures on the watershed lands. The local people will put up \$1,260,000 as the cost of installing those land treatment measures. The total project costs are \$3,476,000 with the Federal Government bearing 61 percent or \$2,109,870. The local people will bear 39 percent of the project costs or \$1,367,000.

The benefit-cost ratio is 1.16 to 1. The proposed installation period for the project is 5 years, and the watershed conservancy district has agreed to assume the obligation for operation and maintenance of the structural measures at a cost of \$14,940 annually.

Mr. POAGE. If I understand it there are about 3,000 acres here to be benefited, is that right?

Mr. WETZEL. 6,605 acres is the benefited flood plain area.

Mr. POAGE. 6,605 acres to be benefited, and you will spend how much money doing that?

Mr. WETZEL. The total cost is \$3,476,000 or the Federal cost \$2,109,000.

Mr. POAGE. Well, roughly \$3 million?

Mr. WETZEL. That is right, sir, with 6,000 acres, how much is that, it is just a little over \$50 an acre.

Mr. POAGE. This 6,000 acres, that you are going to benefit, just what does that include, just flood plains?

Mr. WETZEL. That is just the flood plain area that is protected, yes. In addition, there are quite substantial railroad and urban benefits.

Mr. POAGE. It is \$500, that is not \$50 an acre.

Mr. CARL BROWN. Mr. Chairman, we made a rough calculation on the same basis on the discussions this morning the structural measures cost of \$2,043,000 divided by 6,605 acres gives \$309 per acre.

Mr. POAGE. \$309.

Mr. CARL BROWN. The annual benefits to this project are calculated as \$108,000, of which more than \$100,00 are direct agricultural benefits, which means that the agricultural benefits are something in the order of \$20 an acre per year a little less than \$20 per acre per year.

That would be the increased net return to the flood plain acres.

Mr. POAGE. There is a letter in here from Secretary Short, I just ran onto it and I have not pursued it but it indicates that it says allocating 40.5 percent of the cost of flood damage reduction in the

investment rate for this purpose would average \$125 for the 6,600 acres benefit allocating the remaining 59.5 percent of the cost to the land conversion, the investment per acre would average \$405 for the 3,003 acres converting to more intensive uses.

The farmers would be expected to invest an additional \$75 in draining and preparing this latter area. Hence the cost of the proposed project would average \$605 per acre, for 3,003 acres converted to more intensive uses and \$125 per acre for 3,602 acres to remain in present uses.

Of course, that averages——

Mr. CARL BROWN. The figure that I also gave you is an average of all the benefits divided by all the acres.

Mr. POAGE. 300-some-odd dollars?

Mr. CARL BROWN. \$309 per acre.

Mr. POAGE. Well, obviously land that is going to remain in its present uses, it could not be benefited more than \$125 an acre.

Mr. CARL BROWN. Mr. Chairman, I point out again that we do not consider that the benefit to land is related to the present market price of the land. If you take the increased net income over a 50-year period, with appropriate discounting to a present worth, the future increased net income will always exceed by a very substantial margin the marketplace value of the land today.

Now, this is standard practice in the evaluation of benefits from projects and that is to capitalize the increased net return that will accrue from land, the difference between what you would get after the project is installed and what it is now, and——

Mr. POAGE. I recognize that that is one of the factors you take into consideration. I am just trying to take into consideration to try to apply to the Government's business the same formula that I would apply to my own and if I were buying the land and had a proposition put up to me to spend \$600 an acre on some land that was worth \$100 an acre, I would not go very far toward considering making the investment. If it were my own land, the cost per acre and the value per acre are certainly some of the factors I would take into consideration.

I like to take into consideration the same factors when it involves spending the Government's money that I would take into consideration when I spend my own.

Of course, I would agree that was not the only factor to take into consideration but I certainly would want to know something about it.

I happen to own some land down in the river bottom. Unfortunately, it is not in any of these project areas, and I don't see any probability of it because there is not any big creek anywhere near it and there are just some little streams running down on it. I could save that land from overflowing by making an adequate investment, but I never have figured that it was worth the investment. It would cost me as much as the land is worth, and I don't spend my money by putting out an investment that is going to cost me as much as my property is going to be worth when I get through with it.

Now, I just want to see where the Government goes on these things, and will say if we are going to spend \$600 an acre on 3,000 acres there, what is the land going to be worth when we get the project finished seems to me to be quite important.

Mr. CARL BROWN. Well, in my opinion, it is not a sound calculation to separate these two classes of land. I think if you do take the total land——

Mr. POAGE. Do you think it will average out worth \$300 an acre?

Mr. CARL BROWN. \$300 an acre would be——

Mr. POAGE. About half of it is going to remain in pasture and woods, is it not?

Mr. CARL BROWN. Well, as a part of the total farm unit it will be, according to the report.

Mr. POAGE. And you think you can get \$300 an acre for that farm unit half of which is in pasture and woods and half of which is in cultivation.

Mr. CARL BROWN. I wouldn't think so at this time.

Mr. POAGE. I wouldn't either.

Do you think you can get it after we complete this project?

Mr. CARL BROWN. No, sir; I think this is all evaluated on the basis of what the capitalized net return over the next 50 years would be, not in the increased return to the present landowner of the land or before and after.

Mr. POAGE. That also is what fixes the value of that land, what the purchaser and the seller think it will pay out over the next 50 or 100 years, what they think the income is going to be? A man buys land on the basis of what he thinks he can make out of it, doesn't he? And I always figured that these fellows who were putting their money into it generally had a pretty good idea of what they were going to get out of it.

It just looks big to me is all I am trying to say.

Mr. SHORT. Mr. Chairman, there is another aspect of this that occurs to me that we are dealing here with 5,700 acres along that stream, Caney Creek or whatever it is, you have 1,352 farms in this entire area.

Mr. WETZEL. That is right, in the entire watershed are 1,352.

Mr. SHORT. In the entire watershed?

Mr. WETZEL. Yes, sir.

Mr. SHORT. How many farms, and this would be an interesting angle of this thing to me, how many farms would directly benefit or how many farms have acreage that is in this flood area or this area that is subject to flood. How many of these farms are actually going to benefit from this program?

Mr. WETZEL. Actually, we cannot, answer that, sir, on the basis of the information we have here. On the type of agriculture that is involved down there, I would say that a very substantial number of farms would benefit from the protection of the flood plain area.

In other words, the upland area is rather rugged. Most of the farms do run from the bottom up over the hill, and any that are near the flood plain, very certainly would have some flood plain area included in their holdings. They almost need them in order to carry on an economic operation.

Mr. SHORT. But the common pattern of settlement in any area for the farm or ranch headquarters is to be along a stream?

Mr. WETZEL. That is right.

Mr. SHORT. This is an old area, and in all probability the ownership pattern is that most of the units that are anywhere close to the river own some of this land that is subject to flooding.

Mr. WETZEL. Bottom land.

Mr. SHORT. I think that would be a normal conclusion.

Mr. CARL BROWN. If I had to make a guess, Mr. Short, I would speculate that of the ownerships within the flood plain area, probably their flood plain holding would not represent more than 10 or 15 percent of the total farm holding.

Mr. SHORT. I can understand that. We don't know that, though, conceivably it would be possible that someone or two or three farm units own a major portion of the land along this stream. I am quite sure that isn't the case in this instance.

Mr. CARL BROWN. In this kind of a flood plain which is a comparatively narrow flood plain and elongated, the pattern of settlement in this country just was not along that line.

Mr. SHORT. It seems to me, that it would give us a better picture, at least it would give me a better picture of what was happening to the economy in these areas where these projects are being put into operation or proposed to be put into operation, if you could identify on the map the boundaries of the farm units I am sure that somewhere along the line you people would probably have that.

Mr. WETZEL. I am sure we have.

Mr. STUBBLEFIELD. Would the gentleman yield?

Mr. SHORT. Yes.

Mr. STUBBLEFIELD. I am quite familiar with that country down there. In fact, it used to be in my railroad commission district and I have visited those farmlands down there. They are all small units, as Mr. Brown says, the farms have a little bottom land and the balance is hill land.

There are no big landowners in that area.

Mr. POAGE. That land, what is it worth, Frank?

Mr. STUBBLEFIELD. Well, the bottom land down in there is good land now.

Mr. POAGE. What will it bring?

Mr. STUBBLEFIELD. I don't know. I really couldn't say.

Mr. CARL BROWN. Mr. Chairman, I would like to present it in this light as a possibility.

The increased value of the total farm unit after the project is installed with 10 percent in bottom land, if that were brought into a condition that permitted its more intensive use would very possibly permit the entire farm unit to be sold at a price which would represent more than \$300 per acre of bottom land protected.

In other words, you can't isolate the bottom land that is protected against flooding from the increase net return to the entire farm unit by making it possible to adjust the land use to increase the total farm income on that farm.

Mr. POAGE. I think there is much to that. I think that is true. But will it then add sufficiently to the total average value to justify the program, that is what we want to know.

Mr. CARL BROWN. Well, that, of course, is what the benefit-cost ratio is supposed to reflect. If our evaluation of the increased net return resulting from the changed land use—

Mr. POAGE. No; you are talking about net return. We are talking about value of the land. Now the sale price of that land is not entirely—it is directly related to the return, of course, but I mean the

sale of land involves a lot of other things other than the net return from the land.

We try in Farmers Home to fix values on the net return from the land, and the land bank tried it for a long time, and they are both getting away from it. They are both talking now in terms of market value. Now market value is a different thing from the net return. I am not saying that net return is not extremely important. It is probably just as important as the market value but I do think market value enters into it and I don't think we want to just try to find some way to get around this market value.

We want to just face what the market value is.

MR. CARL BROWN. Well, what I am trying to say is this, I believe: If the increased net return to the bottom land is in excess of a hundred thousand dollars a year, I could visualize that increasing the assessed valuation of the farms which include bottom land, by as much or more than \$2 million, the cost of this project.

We haven't made our analyses on that basis but we certainly would be glad to look into that kind of analysis for the benefit of the committee in future hearings.

MR. MCINTIRE. Mr. Chairman, as Frank was mentioning, most of these farms have a little bit of bottom land and they go up on the hill. Which of those pieces of land, Frank, the hill or the bottom land, is the basis upon which the real market value of the property is found?

MR. STUBBLEFIELD. Of course, those farms without bottom land are not very valuable. They nearly all have a little bottom land.

MR. BREEDING. If the farmer didn't have any bottom land he would not get any benefit from this project, would he?

MR. STUBBLEFIELD. I would say that most of the farms down there have a little bottom land.

MR. CARL BROWN. Well, he would get no direct benefit from the structural measures. Of course, the accelerated land treatment program in there is going to benefit every farmer in the area.

MR. POAGE. We are not allocating that cost.

MR. CARL BROWN. We are not allocating that; you are correct.

MR. POAGE. We are allocating the cost of flood prevention.

MR. BREEDING. Over a period of 50 years how much value do you have in this project? Would it be enough to offset the cost here?

MR. CARL BROWN. The net return from the structural measures, as compared with the annual cost of the project produces this benefit-cost ratio. That is what it is, then, what the benefit-cost ratio is. But that relates only to the structural measures, and does not include the land treatment measures applied by the farmers themselves.

MR. POAGE. Are there any further questions about this project? Anybody care to make any further statement about it?

The committee will stand in recess until 3:15 and we will try to see if we can make any progress then.

(Short recess.)

MR. POAGE. The committee will come to order, and we will continue with the consideration of the North Fork of the Little River in Kentucky, and our colleague Mr. Stubblefield will present the case for the North Fork of the Little River.

MR. STUBBLEFIELD. Mr. Chairman, may I say I appreciate your extending the hearing today to hear these cases, very much.

Mr. Chairman, the North Fork of the Little River watershed lies in Christian County, Ky., wholly.

Mr. POAGE. Before you proceed, off the record.

(Discussion off the record.)

Mr. POAGE. All right.

Mr. STUBBLEFIELD. The North Fork of the Little River watershed work plan involves 37,600 acres in Christian County, Ky. The total cost of the project is \$1,221,000, with Public Law 566 share costs being \$687,000. Little River is a tributary of the Cumberland River. This project, in addition to providing flood control and soil and water conservation benefits to the land and watershed area, will also provide flood protection for the city of Hopkinsville. This city of approximately 20,000 people has been subjected periodically to very severe floods. The project will also assure an adequate water supply for this city, which is the trading center for a very fine agricultural area and also it is the closest city to Fort Campbell, Ky., where the 101st Airborne Division is based.

The ratio of benefits to costs for this watershed project is 1.3 to 1, and the arrangements with respect to the sharing of costs as between the city of Hopkinsville and the owners of the land in the watershed area have been worked out most carefully and equitably.

The present estimated average annual damage in this watershed is \$33,100. After completion of the project it is estimated that these damages will be reduced to \$1,172 per year. The Christian County Soil Conservation District, the Little River Watershed Conservancy District, and the city of Hopkinsville sponsor and strongly support this project.

Mr. Chairman, that is the end of my statement on this project.

Mr. POAGE. Of course, I know you have a city in this, which changes the situation. Do you know how many acres of land are benefited?

Mr. STUBBLEFIELD. In the city?

Mr. POAGE. No; outside of the city?

Mr. STUBBLEFIELD. 600 acres outside the city.

Mr. POAGE. You will depend on the city, I am sure, for a large part of the benefit ratio; is that right?

Mr. WETZEL. About 3 percent of the benefits—about 3 percent are crops and pasture.

Mr. POAGE. Three percent of the benefits accrue to crop and pasture?

Mr. WETZEL. Yes, sir.

Mr. POAGE. Then your costs per acre, even though it is very small acreage isn't too high. Do you know what it runs to?

Mr. WETZEL. About, I think, \$81 per acre for those 600 acres.

Mr. POAGE. Mr. Brown, do you have something?

Mr. CARL BROWN. I will ask Mr. Wetzel to explain further.

Mr. POAGE. Would you care to elaborate on Mr. Stubblefield's statement?

Mr. WETZEL. The point which Mr. Stubblefield did not touch on, that you may be interested in, is that this project contains a substantial allotment to municipal water supply for the city of Hopkinsville.

Mr. POAGE. Are they paying for that?

Mr. WETZEL. They are paying the entire cost for that, sir, including the engineering services.

Mr. POAGE. Yes.

Mr. WETZEL. It was very opportune that there were two existing structures, small water supply structures, available that could be enlarged to provide flood prevention storage capacity. That is being done; in addition, one complete municipal water supply structure is being built for which they are paying the entire costs.

In the fourth structure, and this is one of the first projects that we have taken up today, where there has been a cost allocation to fish and wildlife development, there is one structure in which 1,262 acre-feet of fish and wildlife capacity will be incorporated for which the local people are paying 50 percent of the installation costs.

I believe the Congressman covered most of the other points, other than I might point out that the damages, the agricultural damages, amount to about \$1,916, while the urban damages results are \$29,971, so you will see that—

Mr. POAGE. This project is primarily justified upon damage done in the city of Hopkinsville.

Mr. WETZEL. Yes, sir.

Mr. POAGE. And the city is paying the cost of the storage for municipal purposes.

Mr. WETZEL. That is right.

Mr. POAGE. Is the Federal Government advancing the funds for that?

Mr. WETZEL. As far as we know, they have not applied for a loan under the loan authority.

Mr. POAGE. They are eligible for a loan?

Mr. WETZEL. They are eligible for a loan. As far as we know, they have not applied for a loan.

Mr. POAGE. Are there other questions? I know Mr. Stubblefield has another project to present which we ought to hear this afternoon.

Are there others who want to be heard on these other projects?

Yes, I see; two more projects—three more, with Mr. Stubblefield. Well, do you want to come back here after we go answer that quorum call?

We will try to answer that quorum call and be back at 4 o'clock.

(Short recess.)

Mr. POAGE. The committee will be in order.

We will next take up the West Fork of Clarks River in Kentucky, and Mr. Stubblefield will make the presentation on that project.

Mr. STUBBLEFIELD. Mr. Chairman, the West Fork of Clarks River watershed work plan covers 147,000 acres of land in four counties in western Kentucky. This committee approved the East Fork of Clarks River project last year and that work is proceeding very satisfactorily. I might mention that Clarks River was named for George Rogers Clark.

This project involves a total of—a total installation cost of \$4,682,000, of which Public Law 566 share is 43 percent, or \$2,022,000. The project, which has a benefit-cost ratio of 1.2 to 1, involves flood prevention and watershed protection only. The 17 small dams are all on tributaries flowing into Clarks River. The Clarks River itself and the land adjacent thereto is being surveyed by the Corps of Engineers pursuant to an authorization by the House Public Works Committee. The watershed project before us is in no way dependent upon the results of the engineer's survey of the river proper. It is, however, totally complementary to the objective of flood control on the

river itself and will increase the effectiveness of any Corps of Engineers project activity which may later be authorized by the Congress.

This project has the enthusiastic support of the sponsoring organizations in all four counties. It is in line with the purposes and objectives of Public Law 566. It has been soundly conceived and well planned and the farmers in the area voted overwhelmingly in favor of the project and in favor of taxing themselves as provided in Kentucky State law to cover the \$10,600 per year annual operating and maintenance cost of the structural measures included in the work plan.

All the land, incidentally, is privately owned—except the roads and bridges.

That concludes my statement.

Mr. POAGE. Well, now, about how much of this land is benefited?

Mr. WETZEL. 11,598 acres.

Mr. POAGE. 11,000.

Mr. WETZEL. 11,598 acres. I believe that that figures out to about \$153 per acre.

Mr. POAGE. Well, now, do you have any urban benefits?

Mr. WETZEL. There are no urban benefits. However, there are benefits to roads and bridges and a substantial benefit to the Corps of Engineers project which will be installed in the lower main channel.

Mr. POAGE. Lower main channel, what, of this Clarks River?

Mr. WETZEL. Yes, I might just point out that the corps are presently planning a project to improve the main channel in the lower part of this watershed. This plan is completely coordinated with the corps plans for a channel improvement. There has been a very close interchange of information, both projects were considered almost as a unit in the formulation of the project.

Mr. POAGE. And in this project, the corps reduced the size of their dam because of this project?

Mr. WETZEL. It is a channel improvement project rather than a dam, sir.

Mr. STUBBLEFIELD. I don't think any dams are contemplated on the river itself.

Mr. WETZEL. Yes, sir; it is entirely channel cleanout, channel improvement.

Mr. POAGE. But they feel with this project they won't have to spend so much on it—

Mr. WETZEL. That is right; this \$5,600 benefit to the corps channel.

Mr. POAGE. How much?

Mr. WETZEL. Was one that they calculated themselves.

Mr. POAGE. \$5,600?

Mr. WETZEL. \$5,600 annually.

Mr. POAGE. Do you know how much reduction in cost of their project this amounts to?

Mr. WETZEL. No, sir; and I do not believe that their plans, their detailed plans, are at a stage where they would have a definite figure on that. This is primarily in the reduction of sedimentation in their improved channel.

Mr. STUBBLEFIELD. I might say that I trekked up and down that river from one end to the other, I have quail hunted and fished that river one end to the other for many years, and I remember when it

was quite a stream, and you would maybe have to walk a couple of miles to find a crossing back in those days, but it is now pretty well filled with debris.

Mr. POAGE. Well, as I see it, the problem here is about that cost per acre at \$153, seems to me we would notice some other benefits there to justify it. What would that land be worth?

Mr. STUBBLEFIELD. It is right valuable land down in the bottom down there—\$250 or \$300.

Mr. POAGE. What is it worth now?

Mr. STUBBLEFIELD. \$250 or \$300.

Mr. POAGE. Without flood control?

Mr. STUBBLEFIELD. I would say somewhere between \$100 and \$200. But it is very fine land down there without the flood control menace.

Mr. POAGE. I know, but if the land increases in value \$150 as a result of this activity, the Federal Government pays \$150, is there any justification for the Federal Government going in and spending \$150 per acre simply to increase the land value of the present owners by \$150?

In other words, if all we do is for the Federal Government to go in there and add \$150 to the value of the land, and I don't question but what it will add to it, is it a sound investment from the Government's standpoint simply to raise the value of my land or your land by \$150 unless we are going to do something else? If we could spend \$150 doing it, should we spend \$150 of taxpayers' money to raise the value of my land \$150?

Mr. STUBBLEFIELD. The figure I am quoting you is just one I pulled out of the air.

Mr. POAGE. I know. Nobody is assuming that is absolutely an accurate figure, but I mean somewhere in there, and I know we can't figure these things down to an absolute certainty.

Mr. STUBBLEFIELD. There are two forks to this river, the east fork and the west fork, and the east fork project has already been approved and work is underway.

Mr. POAGE. And it is hard to tell these people why they can't have theirs improved, I know that.

Mr. STUBBLEFIELD. Well, one without the other really could be a waste of money, it seems to me.

Mr. POAGE. Show us on that map, if you will, just where this other fork comes in. The stream runs north?

Mr. STUBBLEFIELD. Yes, this is Paducah up here.

Mr. POAGE. That is Paducah, if that is Paducah—

Mr. STUBBLEFIELD. This is my county down here.

Mr. POAGE. Where is the Gilbertville Dam, to the west of there or east of there?

Mr. STUBBLEFIELD. It is about here, 23 miles from Paducah.

Mr. POAGE. In other words, the river runs parallel with the Tennessee?

Mr. STUBBLEFIELD. Just about, it runs parallel and then they come together, not exactly parallel.

Mr. POAGE. Doesn't the Tennessee run northwest or almost due north?

Mr. STUBBLEFIELD. It runs northwest until it gets up here and then it goes straight west.

Mr. POAGE. Into the Ohio?

Mr. STUBBLEFIELD. Clarks River runs into the Tennessee. Just below the dam, the dam is here.

Mr. POAGE. There is no flood damage below Paducah from this river.

Mr. STUBBLEFIELD. Not since Kentucky Dam has been built. You do have the increased flow of sedimentation and floodwater that this will retard.

It goes all the way to New Orleans.

Mr. POAGE. That is true, but——

Mr. STUBBLEFIELD. There is high water and the playground at a school here at Paducah is flooded out every year.

Mr. POAGE. I know that but they will flood regardless of what you do to this Clarks River.

Mr. STUBBLEFIELD. Well, Clarks River is the one that floods the school, it runs beside it.

Mr. POAGE. How much damage do you get to Paducah from this river?

Mr. STUBBLEFIELD. I don't know, but there's some damage there, and there is a great deal of damage on the roads.

I know about a mile east of my town there is a road that washes out every 2 or 3 years on account of this Clarks River and there are a number of tobacco warehouses right back of this river that water gets up in every 5, 6, or 7 years. There has been some damage there to tobacco.

Mr. POAGE. You would like for Mr. Brown or either one of his associates to talk.

Mr. CARL BROWN. Mr. Chairman, I think there is one point that might be made here, I am not sure that Paducah is within the confines of this watershed. I think the committee ought to understand we have not evaluated any damages below.

Mr. POAGE. I know, your cost plus ratio is combined with benefits in the watershed. I understand that, but we are trying to find out—because obviously, you can see we have an awfully high cost here——

Mr. CARL BROWN. I would like to point out that it is the practice of the Corps of Engineers, and also the Tennessee Valley Authority to claim benefits from their program on the main stems all the way down the Mississippi, and to claim benefits to agricultural land and if you took all of the acreage of agricultural land to which they have claimed benefits and applied it on the cost of their dams you would have a very low cost.

Now, we, in fact, most of these watershed projects also provide benefits in some degree or other below the mouth of the watershed but it has not been our practice to spend the time and money required to chase those benefits on downstream to the point where they peter out.

Mr. POAGE. I think we can guess them off just as well as you can, and that is all you can do.

Mr. CARL BROWN. But you can see if you took minor benefits that accrued on downstream, but included the acreage in the total acreage by which you divided the cost that you would bring your cost per acre down, very considerably.

Mr. POAGE. But of course your benefits would be minor. How much is the total water that flows out of this river at flood stage in acre-feet or second-feet?

Mr. CARL BROWN. Well, I am sure that is in the report; we don't have it in the cubic feet per second.

Mr. POAGE. How many acre-feet are you going to impound there?

Mr. WETZEL. The total capacity of the 8 floodwater retarding structures is 4,771 acre-feet.

Mr. POAGE. Of course if you divided that by all the land between there and New Orleans—

Mr. WETZEL. That figure is wrong, sir, the figure I was reading from another plan here, the total capacity of the 17 floodwater retarding structures is 11,672 acre-feet.

Mr. POAGE. Even so, if you divided that between all the acres between there and the gulf, of course you would not get the thickness of the point of a needle as to the total flood created down there. I don't mean that it does not have some influence, of course, I realize there is a diminishing influence the further down you go, and it is of substantial importance probably to Paducah, that is what I was trying to get at.

If we find there is a real substantial loss at Paducah and this will alleviate it it seems to me we can very well consider it.

All I am thinking is that \$150 an acre, if you are confining it to the benefits that come to that land, is still high, it is not as high as some projects we have considered but it is still high, and if there are other benefits we ought to try to take them into consideration; that is all we are trying to say.

Mr. CARL BROWN. I believe we have fairly evaluated all of the benefits within the watershed area and I think it would be only fair to say that because of the large main stem reservoir above Paducah that the additional benefits of this project probably were not considered to be significant enough to look into. But there still might be a matter of reduction by inches in areas of Paducah but no attempt to place a dollar value on that, was made.

Mr. POAGE. Are there other questions?

Mr. STUBBLEFIELD. The cost, Mr. Chairman, I was giving you the value of the land down there before and after, as I say, that is just a figure and I don't know how accurate I am, of course.

Mr. POAGE. Are there any other questions?

If not, we are very much obliged to you, Mr. Stubblefield.

Mr. STUBBLEFIELD. Thank you, Mr. Chairman.

Mr. POAGE. Now, Mr. Goodell has been here all day long and he wants to be heard on the New York project. Here comes Mr. Pirnie who will be interested in this project, too. Is there anyone else here to speak on this project?

Mr. GOODELL. I don't believe so, Mr. Chairman.

Mr. POAGE. This is Ischua Creek.

We will be glad to hear you.

**STATEMENT OF HON. CHARLES E. GOODELL, A REPRESENTATIVE
IN CONGRESS FROM THE 43D CONGRESSIONAL DISTRICT OF THE
STATE OF NEW YORK**

Mr. GOODELL. I certainly appreciate——

Mr. POAGE. Before you start, may I suggest this—
(Discussion off the record.)

Mr. STUBBLEFIELD (presiding). You may proceed. We will be happy to hear you.

Mr. GOODELL. Thank you. I have the honor to represent the 43d District of New York, and I certainly wish to thank all the members for the trouble they have gone to today to hear us.

The project I am interested in is the Ischua Creek watershed project located entirely within my district. I have studied carefully the work plan for this project, and in addition have made numerous and lengthy visits to the area involved including a most enlightening aerial inspection of the Ischua Creek and let me state without qualification at the outset that I also favor approval of the project, and in addition, and perhaps more importantly that this project has the endorsement of the citizens located within the watershed.

One of the most important advocates of this program is the chairman of the Cattaraugus County Board of Supervisors who is himself a resident of Ischua and has assured me of the support of the county board of supervisors. The land we are seeking to conserve in this project is among the finest in New York State. Its people are hard-working and bound closely to the rolling hills of Cattaraugus County by tradition and choice as indicated in the work plan report.

This watershed covers an area of 74,900 acres, or approximately 117 square miles, all located within Cattaraugus County. About 29 percent of the area is presently cropland, 34 percent grassland, 29 percent woodland and the remainder is idle or in urban use.

The works described in the work plan will be completed in 5 years at a total cost of \$1,506,303. Of this amount the Federal Government, under Public Law 566, will contribute \$862,554. The balance will be made up of local and other funds. Non-Federal interests will bear the cost of maintenance and operation, expected to be \$3,000 a year.

The structural measures include five water retarding structures, one multiple-purpose reservoir, known as Gates Lake, three debris basins, 0.15 miles of stream channel improvement, 0.82 miles of stream-channel stabilization, 2.28 miles of clearing and snagging, 1.24 miles of dikes and levees, two reservoirs for fish and wildlife development, and 5.3 miles of trout-stream improvement.

The present annual floodwater, sediment, erosion and indirect damage is estimated at \$64,302. On completion of the project, this should be reduced to approximately \$13,973, or a total damage reduction of \$50,329.

The ratio of annual flood prevention benefits to average annual flood prevention costs for structural measures is \$46,722 to \$33,445 or 1.4 to 1.0.

Land-treatment measures for open land will include field strip-cropping, contour strip-cropping, diversions, contour farming, pasture planting, pasture renovation, streambank protection, fencing to keep

cattle from streambanks and adding to erosion, and streambank planting.

Treatment of forest lands will include tree-planting thinnings, weeding, grazing control, logging road erosion control, and technical assistance.

All five floodwater retarding structures are designed with two-stage, ungated principal spillways. They are designed to empty in 5 days.

The multiple-purpose reservoir—Gates Lake—will be a permanent lake with 17 surface areas and a maximum depth of 19 feet, costing a total of \$48,758.

Clearing and snagging will be done on 2.28 miles of the main Ischua Channel from the junction of Ischua Creek and Saunders Creek to the junction of Gates and Ischua Creek.

Trees, five gravel bars, tops of undercut trees and other debris will be removed, with a total cost of \$7,607.

I will make the rest of my statement available, if I may, as part of the record.

Mr. STUBBLEFIELD. Without objection so ordered.

(The statement referred to follows:)

STATEMENT OF HON. CHARLES E. GOODELL A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW YORK

Mr. Chairman, I am Congressman Charles E. Goodell and I have the honor to represent the 43d District of New York. I wish to thank you for the opportunity to appear today and to state my full and complete endorsement of the Ischua Creek watershed project, which is located entirely within my district.

I have studied carefully the work plan for this project and in addition have made numerous and lengthy visits to the area involved, including a most enlightening aerial inspection of the lower reaches of the Ischua Creek.

Let me state without qualification that I favor approval of the project. In addition, and perhaps more importantly, this project has the endorsement of the citizens located within the watershed. Mr. Chairman, they have worked hard and in full cooperation with the agencies in preparing the work plan.

The village of Franklinville is an example of the progressive community located within this watershed. In the past 14 years we have seen 13 new businesses started there, 7 others have made major improvements toward modernization and expansion. In addition a new central school, a new conservation club building and new central school have been constructed.

In 1958 in this community, the Franklinville Development Corp. was formed by 89 civic-minded citizens and, as a nonprofit organization, has sought to aid the economic growth of the area. It seeks to develop the land for agricultural uses and industrial growth. This, then, is an example of the type of citizen with which we are concerned in this watershed.

My support of the project is such that I will continue to favor and will work for appropriation of the proper funds for the carrying out of the plan to its completion. I stand prepared to urge my colleagues in the Congress to aid in enacting legislation to provide funds for this project, being fully aware, meanwhile, of the amount of Federal funds being used here.

Mr. Chairman, the land we are seeking to conserve is among the finest in New York State. Its people are hardworking and bound to the rolling hills of Cattaraugus County by tradition and by choice, as indicated in the work plan report.

They are not persons who quickly favor aid from the Federal Government and certainly will not countenance "handouts" in circumstances where they can handle the situation locally. Their support of this plan, I believe, is with complete awareness of the magnitude of the Federal participation.

Their respect for the land and the ideals of conservation prompts them to undertake this project with the support of Public Law 566 funds. The technicalities of the work plan are before you. The people within my district are themselves aware of the technical aspects of the program.

Mr. Frank B. Nix, the chairman of the Cattaraugus County Board of Supervisors, who is himself a resident of Ischua, has assured me of the support of the county board when the Cattaraugus Soil Conservation District presents this work plan to the board in petitioning for the establishment of a county small watershed protection district.

The State of New York, moreover, has expressed great interest in this project, as evidenced by its cooperation to date.

Mr. Chairman, and members of the committee, this work plan has the full and complete support of all parties who will be involved. In that light I earnestly request your approval of the project.

Mr. STUBBLEFIELD. Any questions of the Congressman?

Mr. WETZEL. I might point out to the committee this project is a very interesting multiple-purpose project, in addition to the flood prevention measures there are, well, the flood prevention measures consist of five floodwater-retarding structures having a total capacity of about 6,000 acre-feet, three debris basins, and a substantial amount of stream channel clearing and improvement. But in addition there is one large structure which is shown as Gates Lake on this map, on the right-hand side of the map, in which 109 acre-feet of fish and wildlife capacity will be incorporated.

This fish and wildlife capacity will be paid for—well the 50 percent of the costs will be paid for by the New York State Conservation Department, which has been very much interested in cooperating with the local organizations in New York State in incorporating all possible fish and wildlife measures. In addition there are two separate fish and wildlife structures, Hayward Lake will provide 167 acre-feet of fish and wildlife capacity and the Beaver Meadows Marsh in the upper left-hand corner of the map will provide a large area of marshland flooded to a depth of 2 feet as a wildlife development area.

In addition there are five—5.3 miles of trout stream improvement included, which will consist of fencing out the streams so that the cattle will not get into the banks, planting the stream banks, installing deflectors and installing various means of cover.

The protection provided to Franklinville will be a 100-year protection. It is interesting that the 100-year storm would cause damages of \$249,000 without the project, and with the project this 100-year storm would cause damages of only \$8,000.

The total cost of the project is \$1,500,000 of which the Federal share will be 57 percent, or \$862,000, the local people, including the State fish and game agency will put up 43 percent of the total cost of the project or \$643,000.

The estimated annual cost of operation and maintenance for the structural measures which will be borne by the small watershed district are \$2,991.

Mr. PIRNIE. May I ask a question, will there be any cost of maintenance then chargeable against the Federal Government?

Mr. WETZEL. No, there will be no operation and maintenance charges against the Federal Government. In fact the law provides that the local organizations must pick up all costs for operation and maintenance.

Mr. MCINTIRE. How much acreage of land will be improved by this?

Mr. GOODELL. The bottomland was 1,560 acres.

Mr. WETZEL. That is right, sir, 1,560 acres, and when considering the cost allocation to flood prevention that will amount to \$52 per acre.

Mr. STUBBLEFIELD. Any further questions?

We are glad to have you with us.

Mr. GOODELL. Thank you very much.

Mr. STUBBLEFIELD. Mr. Schneebeli. Mill Creek watershed. You may proceed.

STATEMENT OF HON. H. T. SCHNEEBELI, A REPRESENTATIVE IN CONGRESS FROM THE 17TH DISTRICT OF THE STATE OF PENNSYLVANIA

Mr. SCHNEEBELI. Thank you, Mr. Chairman. My name is Herman Schneebeli. I am a new Representative from Pennsylvania's 17th District.

I have been here just about a month. My acquaintanceship in detail with this project is not too great. As a matter of fact, I was advised about it just this morning, about the appearance before the committee. Consequently, I have no statement. However there are some salient points that I would like to point out before deferring to Mr. Wetzel.

This project, I believe, is the smallest in total amount of dollars that I have heard of all the projects mentioned.

It is \$783,000, 43 percent of which is contributed by local sources. It is sponsored by the local county soil conservation district as well as the county board of commissioners. I believe the benefit-cost ratio is very attractive as well.

It is 2.3 to 1. This is an area where flood control is quite important. They have had five floods of major importance in this area in the last 25 years.

Much of the benefit is on the industrial basis. Two of the largest tanneries in the United States are in here, one of which will be intimately concerned with the project. This is north central Pennsylvania, abutting New York State, and it is the heart of our dairy country.

Mr. McINTIRE. What counties are these?

Mr. SCHNEEBELI. This is Tioga County, Tioga and Bradford Counties, two large dairy areas, much of which goes to Buffalo and New York City.

I would prefer to have Mr. Wetzel give you more details of this project with which I am not too well acquainted. However, I can assure you in the short time I have been here, I have had three phone calls from the county commissioners up there stressing this in my mind and to me the importance of this project to them. They are very interested in it.

Mr. BREEDING. Is this strictly flood project?

Mr. SCHNEEBELI. Flood and fish and wildlife development. Thank you.

Mr. WETZEL. This project is one in which the benefits are primarily urban with a very minor amount of agricultural damage, which may raise a question in the committee's mind and I would just like to point out that it is the Department's policy that the

criteria as to whether or not the watershed authorization should be used to provide urban protection is not dependent on the type of protection provided but whether or not the protection can be provided by the treatment of the watershed lands and by the use of small reservoirs on the watershed lands.

In other words, the program is installed on watershed lands. It takes the cooperation of the watershed landowners to install the program. However the benefits all accrue, down there in the urban and industrial area.

Fish and wildlife capacity is being incorporated into one of the structures and this is an area in which there is substantial interest in fish and wildlife since there are not too many facilities available to the local people. The cost of that capacity is being borne by the State fish and game agency. The agency likewise will bear the costs of operation and maintenance for the one structure in which fish and wildlife capacity is incorporated, and the soil conservation district supported by the Tioga County commissioners will assume the costs of operation and maintenance for the two flood prevention structures. The cost of operation and maintenance for the two flood prevention structures is \$1,900 annually.

We have not calculated any cost per acre on this project in view of the fact that no agricultural lands are being protected.

This being all urban protection, I might also point out that a 100-year storm occurring in this watershed at the present time would cause over \$1 million to the one tannery alone that is located in the small town there.

Mr. PIRNIE. Mr. Chairman, how is the cost to be borne?

Mr. WETZEL. The total cost of the project is \$783,000, of which 57 percent will be borne by the Federal Government, or \$448,000, the local people will bear 43 percent of the costs, or \$336,000.

Mr. BREEDING. How much area is involved?

Mr. WETZEL. The watershed covers 8,430 acres, a relatively small watershed.

Mr. SHORT. What about the rural areas? You have two regulating dams on the upper area of the watershed.

Mr. WETZEL. There are 3, those two up in the headwater area and this third one which is still in rural area outside of the city limits of Westfield, all three of the floodwater retarding structures will be in the rural areas.

Mr. SHORT. Is there some land acquisition costs involved there?

Mr. WETZEL. Yes, the local people will acquire land easements and rights-of-way to the extent of \$80,275.

Mr. SHORT. \$80,275? What I am getting at is, is this something that the population of the rural area is participating in, or is this something that is primarily for the benefit of the town, and the money for the project and the acquisition of the sites for these water retention structures is being furnished by the town and by the county.

Mr. WETZEL. The county board of commissioners are providing all land easements and rights-of-way. In other words, the county itself is providing land easements and rights-of-way. There is no authority for taxing any local landowners under the Pennsylvania enabling act. In other words, easements must be donated or they must be acquired by the county government.

Mr. SHORT. There is no soil conservation district involved?

Mr. WETZEL. There is a soil conservation district. They are one of the cosponsors along with the county.

Mr. STUBBLEFIELD. Most of the benefits accrue to the city.

Mr. WETZEL. Yes, sir. In a small watershed of this size, and as pointed out in the work plan, a substantial number of the farmers in the upland area work part time in the town, and any substantial flood damages to the town would have a serious effect on the livelihood of the landowners out in the upland area.

Mr. BREEDING. Is the tannery in this little town?

Mr. WETZEL. It is in the town of Westfield, at the very lower end of the watershed. There are also some substantial damages in the town of Sabinsville, located at this point, and these structures will completely eliminate the damages in this town, actually, I believe the population of Sabinsville is less than 500.

Mr. SCHNEEBELI. There is a large pumping station of New York Natural Gas.

Mr. CARL BROWN. I think it might be significant, Mr. Short, to point out that although there is no benefit attributed to agricultural land in the flood plain area of the project that the local people in the rural areas have agreed to install conservation practices and treatments on their lands to the extent of \$216,000 which indicates very clearly their belief in the need for an integrated project of conservation on the land and the structural measures for protection of this urban area.

Mr. SHORT. On this 8,400 acres that are involved, the rural people are spending how many thousand dollars?

Mr. CARL BROWN. \$216,000 altogether, sir, on conservation practices on the farms.

Mr. SHORT. Is this some really high-producing agricultural land involved here?

Mr. WETZEL. It is quite good land, dairying is the predominant land use.

Mr. BREEDING. —Is it principally grassland?

Mr. WETZEL. Forty-five percent is grassland, 23 percent cropland, 20 percent woodland.

Mr. SHORT. How much was that amount again that we were going to spend?

Mr. CARL BROWN. \$216,000, sir, of which \$199,000 is for improvements on agricultural land, and the balance of \$17,000 is improvement in the woodland and forest areas in the watershed.

Mr. SHORT. What do you mean improvements?

Mr. CARL BROWN. Well, improvements include tree planting on 250 acres at a cost of \$8,490. Improved stands, that is timber management and selective cutting operations, 200 acres at \$3,800, and woodland grazing control by fencing of 250 acres at \$1,650. That is all on the woodland. The kind of practices involved on the open land involve the application of strip cropping on 900 acres of land at an estimated cost of \$67,500.

Mr. SHORT. Wait a minute. Let me hear that figure again.

Mr. CARL BROWN. Strip cropping on 900 acres at an estimated cost of \$67,500.

Mr. SHORT. I don't follow that one, are you talking about contour stripping?

Mr. CARL BROWN. Yes, contour stripcropping.

Mr. SHORT. It seems like a lot of money for that amount of acres.

Mr. CARL BROWN. There are a number of other items such as pasture improvement, a thousand acres at \$53,000, per acre, for pasture improvement—pardon me, I'm sorry, I'm trying to read, I should let Mr. Wetzel give that to you.

The cost of the perennial hay is \$67,500 for 900 acres, the strip crops is 700 acres at \$4,200, that is more reasonable, I think.

Mr. SHORT. That starts to make a lot more sense. We do a lot of stripcropping out in our country but we do it a lot cheaper than that.

Mr. CARL BROWN. But those are the kinds of practices, except for stripcropping most of the practices are those which would be used on pasture land.

Mr. SCHNEEBELI. Regarding woodland this is in the center of one of the wood centers of the United States, north-central Pennsylvania, and New York State are fast becoming the hardwood centers of the United States again.

This area was 40 years ago the lumber center of the United States and they cut it off.

Now they are coming back to it again and that is the reason for their interest in woodland as well as dairyland.

Mr. BREEDING. I'd like to ask a question. This money for this stripcropping, isn't that returnable through the ASC program, or some other program?

Mr. WETZEL. Well, half of the cost to the farmer may be available to him through the ACP programs. Our work plans are developed on the basis of Public Law 566 costs. We do not take into consideration other going programs that are available throughout the country but we confine the work plans to the funds that are necessary as a result of this being a watershed project. People are eligible to 50-percent cost sharing for stripcropping regardless of whether or not they are in a watershed project.

Mr. SHORT. That is all, Mr. Chairman.

Mr. STUBBLEFIELD. Good to have you with us.

Mr. SCHNEEBELI. Thank you, gentlemen.

Mr. STUBBLEFIELD. Congressman Ayres of Ohio states he is keenly interested in the works plans for Chippewa Watershed. He feels it is very important to the economy and welfare of his district and would like to file a statement for the record.

Is anybody here representing that?

Nobody from Mr. Ayres' office?

What about the Chippewa Creek?

Mr. WETZEL. The Chippewa Creek watershed is located in Wayne, Medina, Summit, and Stark Counties, Ohio, which are just west of Akron, and Portage. Chippewa Creek is in the Ohio River Basin and has a watershed area of 120,000 acres.

The project is being sponsored by a number of sponsors. The four soil conservation districts, plus a subconservance district of the Muskingum watershed.

The purpose of the project is to provide flood protection to both agricultural and urban values, and to provide fish and wildlife de-

velopment measures plus some recreational water supply, which will be paid for entirely by the local people.

The land use within the watershed is predominantly cropland, 70 percent is cropland, 11 percent grassland, 14 percent woodland. The watershed lands are entirely privately owned, 968 farms are there, the average size of the farm being 98 acres. The average value per acre of the land over the entire watershed, this not being just in the flood plains but over the entire watershed is 228 dollars.

The measures that are being proposed in the plan consist of the land treatment measures which include contour farming, stripcropping, pasture planting, open and tile drains, farm ponds, waterways and tree planting and protection from grazing, 24 percent of the farms in the area or in the watershed are currently cooperators with the soil conservation district.

The structural measures proposed are four floodwater retarding structures with a total capacity of 3,784 acre-feet and five multiple purpose structures, that is structures with both flood prevention and fish and wildlife capacity.

The total capacity of all nine structures is 9,468 acre-feet.

In addition in one structure there will be 50 acre-feet of recreational water supply to be paid for entirely by the local people.

The other structural measure is 33 miles of stream channel improvement. The flood plain area to be benefited in addition to the urban benefits is 10,000—10,100 acres. The protection that will be provided to the agricultural area is at least a 2-year protection against flooding.

Damages total \$180,000 for the entire watershed. This plan will provide a 55 percent reduction in the total damages. The total cost of the project is \$2,724,000, with the Federal Government bearing 63 percent of the costs or \$1,718,000 and the local people putting up \$1,005,000. Among the local costs, the local people will pay \$57,000 in construction costs for the fish and wildlife and recreational water supply. They will provide \$272,000 for land easements and right-of-ways. Also there is an extensive need for relocating several highways and several bridges which the local people will bear the entire cost of, and that will amount to \$254,000.

The benefit-cost ratio for the project is 1.4 to 1 and is scheduled for installation over a 5-year period. The local organization which will be responsible for the installation of the program will be, as I said, a subdistrict of the Muskingum Conservancy District which is a very well known watershed conservancy district in Ohio which I am sure you have heard of.

Under their State enabling legislation they have a provision whereby the local people within the Muskingum watershed may incorporate themselves into a subdistrict with taxing authority, the right of condemnation and become a subdistrict of the Muskingum Conservancy with responsibility solely in the small watershed.

The cost of operation and maintenance which will be borne by the Muskingum Conservancy Subdistrict will be \$11,024 annually. There are several railroad bridges that will have to be underpinned and relocated. The Baltimore & Ohio, the Erie and the Pennsylvania Railroads are involved, and they have agreed to be responsible for the design and construction of the improvements on their facilities.

Mr. STUBBLEFIELD. Did they agree to pay for relocation of their roads?

Mr. WETZEL. No; that will be on a reimbursable basis. In other words, the underpinning of the bridges is considered part of the construction cost of the channel improvement and under our law that must be borne entirely by the Federal Government.

Mr. STUBBLEFIELD. Thank you. Any questions?

Mr. PIRNIE. As I understand it any other relocation would be borne locally?

Mr. WETZEL. There are some highway relocations which will be borne by the State highway department and the county government.

Mr. SHORT. If I understood the figures correctly, of the local costs participation, \$272,000 is in the shape of easements that will be provided?

Mr. WETZEL. That is right, land easements and rights-of-way are \$272,000.

Mr. SHORT. Just what does that cover, what easements are involved?

Mr. WETZEL. On this type of project the easements run very high due to the 33 miles of channel improvement. Now you can visualize that generally the area required for channel improvement, the easements required on channel improvement will run between 100 and 200 feet wide and when you get 33 miles of a strip like that, say 200 feet wide, you run into very substantial land costs in that it cuts across many landowners, many properties, and each one of them, of course, expects to be paid for their easements.

In this case the subdistrict is buying the easements from tax money rather than attempting to get them donated.

It also includes the area that is required for these nine floodwater retarding structures.

Mr. SHORT. I can understand that part of it. It seemed obvious it would not run into that much money. I was just wondering what the rest of it was.

Mr. WETZEL. On all channel construction jobs the easements run very high.

Mr. BREEDING. That is a high value area apparently.

Mr. WETZEL. It is very high value land in view of the fact that—

Mr. BREEDING. You made the statement that this 120,000 acres is worth \$220 per acre, did you not?

Mr. WETZEL. That is right, the average per acre cost of the entire watershed that is the 120,000 acres is \$228 an acre. It is just on the outskirts of Akron and Portage if you are familiar with that area, very fine agricultural land.

Mr. CARL BROWN. When we mention land easements and rights-of-way, that includes the costs of relocation, that is not the cost of lands or the easements, that includes all the costs of reconstructing the bridges and that sort of thing, that is a part of the land costs.

Mr. SHORT. Well, I thought you said the highway was going to take care of that as far as the roads are concerned.

Mr. CARL BROWN. Yes, that is included in that dollar figure.

Mr. WETZEL. This is not to the Federal Government, this is local costs.

Mr. BREEDING. Is there any participation on the part of the Fish and Wildlife people?

Mr. CARL BROWN. Yes, I think just to make the record straight, that the land easements and rights-of-way, which is truly just the

land, part of it is \$272,000, and the relocation and alteration of facilities is \$254,000, and the administrative costs to the local organization of \$41,000 making a total local cost for the structural measures of \$567,000.

Mr. SHORT. I see.

Mr. STUBBLEFIELD. Mr. Breeding has a question.

Mr. BREEDING. What part does the Fish and Wildlife play in a project like this?

Mr. WETZEL. You mean the State or Federal?

Mr. BREEDING. Do they contribute anything?

Mr. WETZEL. Yes, in all three cases where fish and wildlife capacity has been incorporated in these watershed plans we have described today, the State fish and game agency has put up, has agreed to put up 50 percent of the installation costs that are allocated to fish and wildlife capacity. In other words, if you have a flood prevention structure of, say a thousand acre-feet, and 500 acre-feet of fish and wildlife water is added to that in the form of a permanent pool, the costs, the additional costs for that 500 acre-feet of fish and wildlife capacity are shared 50 percent by the Federal Government and 50 percent by the local people.

In all three cases we have discussed today the State fish and game agency have been the local people and have put up the necessary local costs, the necessary non-Federal costs there.

Mr. BREEDING. I am acquainted with the Fish and Wildlife and they are a good organization.

Mr. WETZEL. Yes. Under our law, even the State government is considered as local people, as a local organization.

Mr. STUBBLEFIELD. Everything is local outside of Federal. Any other questions?

We certainly thank you gentlemen for this very thorough explanation. We recognize Mr. Charles Swigart as the background for Mr. Wetzel's assistance. We are happy to have you here for the good help you have given us.

We will adjourn until 10 o'clock in the morning.

Mr. CARL BROWN. You would like to have us available to answer any further questions at that time?

Mr. STUBBLEFIELD. If you please. We would certainly like to have you.

(The following letters have been received and are inserted in the

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 7, 1960.

Re Huff Creek watershed, Greenville County, S.C.

Hon. W. R. POAGE,

*Chairman, Subcommittee on Conservation and Credit,
House Committee on Agriculture, Washington, D.C.*

DEAR MR. CHAIRMAN: The Huff Creek watershed project is located in the west central portion of Greenville County of the Fourth Congressional District of South Carolina. I am personally acquainted with the sponsors of this project and have been vitally interested in the project since its inception. The sponsors have worked on this Project for approximately 4 years and have spent a great deal of time and money in an effort to bring the matter to a head. Numerous farmers and citizens in the area affected have a deep interest in this project, because it will not only increase the value of their lands but generally improve the community at large. This project is located in one of the best farming sections of my home county. I am familiar with the area and know almost every landowner personally and I urge that the project be approved without further delay.

I understand that this project involves a 5-year program and I fully support every phase of the program and will vote to appropriate the necessary funds to carry out this and other similar projects. In this connection, permit me to say that I am in complete accord with the soil conservation watershed program. It is my firm belief that the best method of flood control is by the construction of a series of small dams in the hills where the streams originate, thus, catching and controlling the water before it reaches the large streams, and consequently causes great losses to the flooded area. This method not only prevents floods in the large streams but also catches and contains the water in various areas and thereby provides water for irrigation purposes to more farmers at less distribution cost.

The cost of this project is \$389,746. Of this amount, \$345,726 will be provided through Public Law 566, and \$44,020 will come from local funds. The cost benefit ratio is 1 to 1.3. The Greenville County Soil Conservation District is the sponsor of the project and will be responsible for its installation. The project provides for five dams plus 5,500 feet of channel improvements.

There are 21,787 acres involved and floods occur on an average of three to four times per year. The bottom lands in this project will produce from 60 to 75 bushels of corn per acre. There are 997 acres of bottom lands inundated by floodwaters so frequently that they cannot successfully be cultivated. The annual loss from this acreage due to floods therefore averages \$17,302. As is true in all sections subject to floods there is incalculable and extensive damage also to roads, fences, and pastures.

If there is any other information I can provide the committee regarding the Huff Creek watershed project, I will be glad to do so.

Kindest regards and best wishes,

Sincerely yours,

ROBERT T. ASHMORE.

U.S. DEPARTMENT OF AGRICULTURE, SOIL CONSERVATION SERVICE,
Washington, D.C., June 1, 1960.

Lt. Gen. EMERSON C. ITSCHNER,
*Chief, Corps of Engineers,
Department of the Army.*

DEAR GENERAL ITSCHNER: We appreciate the assurance contained in Assistant Secretary Dewey Short's letter of May 16, 1960, that the watershed work plan for Caney Creek, Ky., will not adversely affect any existing projects of the Corps of Engineers, nor conflict with any plans now being considered by your agency.

In his letter, Mr. Short presents an analysis of project costs and benefits to arrive at an average distribution of project costs to each acre of land directly benefited. Similar information has been provided by Mr. Short for other watershed work plans submitted to your agency for your views and recommendations.

We do not understand the purpose of an analysis of this kind nor the conclusions that are expected to be derived from it. The economic justification of water resource projects is not dependent upon current land or property values. Our concept, and we believe it is yours also, is that project justification is based upon the total increased net income that will accrue as a result of a project. This increase may come about, among other things, as reduced damage, lower costs of operating or maintaining existing facilities or enterprises, more intensive use of land and property, and avoidance of costs that would be incurred in the absence of a project. These effects are not confined to land and property alone. In fact, the major part of the benefits accrue to people, those who depend for their livelihood on working for or managing farm and ranch enterprises and commercial enterprises. The beneficial effects are not confined solely to the area directly affected by floods, but also permit more efficient management of entire enterprises consisting of both the land on the flood plain and the adjacent land which make up the individual economic units. This, in turn, enhances the entire economic potential of a given project area. Project costs related solely to value of land or property protected are not a positive indicator of the true economic worth of a project.

We realize that you are aware of the considerations that enter into the economic justification of water resource projects but due to the inferences that might be derived from the relationships expressed in Mr. Short's letter, we believed that it was appropriate to reaffirm these principles.

Sincerely yours,

D. A. WILLIAMS, *Administrator.*

(Whereupon, at 4:50 p.m., the hearing was recessed, to reconvene at 10 a.m. Thursday, June 9, 1960.)

WATERSHED PROJECTS

THURSDAY, JUNE 30, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSERVATION AND CREDIT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m., room 1310, New House Office Building, Hon. W. R. Poage (chairman) presiding.

Mr. POAGE. The committee will come to order.

We have a number of watershed projects to consider this morning but I do not want to delay our colleague who is here to testify.

(H.R. 12849 is as follows:)

[H.R. 12849, 86th Cong., 2d sess.]

A BILL To protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16 of the Soil Conservation and Domestic Allotment Act of 1938, as amended, is amended as follows:

(1) Paragraph (3) of subsection (b) is amended to read as follows:

“(3) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subsection by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;”

(2) Paragraph (4) of subsection (b) is amended to read as follows:

“(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under the program or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended.”

SEC. 2. Section 112 of the Soil Bank Act, as amended, is amended as follows:

(1) Paragraph (1) is amended to read as follows:

“(1) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subtitle by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of

the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;"

(2) Paragraph (2) is amended to read as follows:

"(2) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under this subtitle or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

We have H.R. 12849 to consider. These are the only copies I have. They are the three which were sent to my office. This is a combination of the Great Plains and the soil bank legislation which was before the committee the other day.

The Department recommended the passage of both bills.

The two original bills were identical bills and we suggested to the Department they combine them into one bill, which they have now done.

As far as I can see, Hyde, you looked over this departmental bill before it was introduced, H.R. 12849. That is the combination of the two projects?

Mr. MURRAY. That is the combination of your bill and Mr. McIntire's bill, H.R. 12201 and H.R. 12182.

Mr. POAGE. As far as you can tell, the draft is perfectly sound?

Mr. MURRAY. They were drafted by the Department of Agriculture.

Mr. POAGE. You found no objection to their draft?

Mr. MURRAY. No.

Mr. POAGE. Is there any objection to reporting this bill?

Mr. McIntire moves that we report H.R. 12849 with the recommendation that it be passed.

All in favor say aye; opposed, no.

Mr. POAGE. We have a statement from Congressman Paul Brown of Georgia who asked that it be inserted in the record. This is in regard to Sandy Creek watershed project.

We might insert this statement in the record at this point.

(The statement follows:)

STATEMENT OF HON. PAUL BROWN OF GEORGIA ON THE SANDY CREEK WATERSHED PROJECT, GEORGIA

Mr. Chairman and members of the committee, the Sandy Creek watershed comprises an area of 21,000 acres in the eastern part of Jackson County and the western edge of Madison County.

This watershed protection and flood prevention project is sponsored by the Oconee River Soil Conservation District, the Broad River Soil Conservation District, and Jackson County, Ga.

There are 150 farms in the watershed, 90 percent of which are owner operated. The principal agricultural products are cotton, corn, small grain, hay and seed, forest products, broilers, livestock, and livestock products.

The work plan calls for eight floodwater dams and approximately 16 miles of stream channel improvement.

These improvements and the land treatment measures will greatly reduce floodwater, sediment, and erosion damages in the watershed.

Of the 150 farms in the watershed, 96 now have conservation plans.

This project is a part of the Sandy Creek erosion control demonstration project which was established by the Soil Conservation Service in the spring of 1934.

The benefit-cost ratio for the project is 1.2:1.

The total estimated cost is \$650,109.

Flooding will be reduced to the extent that approximately 60 percent of the flood plain can be restored to the level of former productivity and many other benefits will accrue.

This is an urgently needed project and I hope the committee will approve it.

WAIANAE IKI-WAIANAE NUI, HAWAII

Mr. POAGE. I see that we have with us our colleague, Mr. Inouye, and he will speak on the Waianae Iki and the Waianae Nui projects.

We will be glad to hear from you, Congressman Inouye.

STATEMENT OF HON. DANIEL KEN INOUE, A REPRESENTATIVE IN CONGRESS FROM HAWAII

Mr. INOUE. Mr. Chairman and members of the committee, may I take this opportunity to express my appreciation for the opportunity to speak in behalf of the two watershed projects that the chairman just mentioned; the Waianae Nui and the Waianae Iki projects in the State of Hawaii.

The West Oahu Soil Conservation District and the city and county of Honolulu, with the assistance of the Soil Conservation Service, U.S. Department of Agriculture, have prepared work plans on these projects and I am certain that these have been made available to the members of the committee. Not being an expert or an authority on the science of watershed area studies, I will not attempt to explain the features contained in those reports.

I believe you are rather fortunate that we have with us Mr. John Wetzel, Director of the Watershed Planning Division of the Soil Conservation Service, present today and he, I assure you, will explain the technical aspects of these two projects this morning.

The State of Hawaii and the city and county of Honolulu in particular are vitally concerned in having these projects undertaken. Aside from these being Hawaii's first projects under the Federal Watershed Act, their commencement and completion will be of great benefit to the Waianae area on the island of Oahu.

The Waianae area is presently undergoing greater and greater urban development. This has been true with other areas on the island of Oahu where land for urban development purposes is at a premium. Waianae is certainly destined for further urbanization within the near future. The completion of these watershed projects would certainly aid in this inevitable development.

The Navy, which maintains installations in the area stands likewise to benefit considerably from these projects.

I have been informed that the overall cost for the Waianae Iki project to the Federal Government will be the sum of \$1,971,300 spread over a 4-year period; the cost to the Federal Government for the Waianae Iki will be the sum of \$3,449,300 spread over a 5-year period. Additional amounts necessary to complete the projects will be borne by the State government of Hawaii.

I am informed that the cost-benefit ratio for Waianae Nui and Waianae Iki projects are 1.30 to 1 and 1.40 to 1, respectively.

In view of the great benefits to be gained by the people and the State of Hawaii and the Navy plus the fact that there exists a favorable cost-benefit ratio for the funds expended, I respectfully urge your favorable consideration of these projects.

Mr. Chairman, may I thank you for this opportunity to appear before your committee.

Mr. POAGE. We are delighted to have you.

Does the Department have a map of this area?

Mr. WETZEL. We have maps, sir. The easel has not shown up as yet but I believe we can hold them up for your inspection.

Mr. Chairman, these two projects, are the first projects that have been submitted from the State of Hawaii. They are adjacent to each other and both are located in the city and county of Honolulu. The Waianae Nui project, which I will take up first, covers an area of 19,110 acres and the sponsors are the West Oahu Soil Conservation District and the city and county of Honolulu.

We would like to point out that both the city and county of Honolulu have been extremely cooperative in providing assistance to the Soil Conservation Service in the development of these watershed plans. Our staff necessarily is rather small over there and they have provided very substantial planning assistance to us in the development of the plans.

The Waianae Nui project is the larger of the two projects. There has been very substantial flood damage in the area down along the coast in this particular area over a long period of time. The primary cause is that the stream channels have been very badly clogged and with the intense rainfall, which ranges up to 100 inches annually, in the upper watershed area, the coastal lands here have been subject to very substantial flood damage.

As the Congressman said, these areas down along the coast are primarily in agriculture; that is, small truck farms at the present time. However, the area is going very rapidly into urban development and as can be indicated from the value of the land, the value of the agricultural land at the present time is not measured in acres. Some is worth \$2 a square foot. You can see that the land values have gone up very substantially in this small area that is suitable for urban development.

The present use of the land in the watershed is 4 percent in cropland, 1 percent in urban use, 92 percent in woodland, brush, and wild land, which includes a large area of naval installations, and 3 percent in miscellaneous uses.

The landownership in the watershed is Federal 49 percent, private 51 percent, and the farms average from 3 to 5 acres.

The proposed program covers the land treatment measures for watershed protection which include crop rotation, cover cropping, irrigation, land leveling, and rotation grazing.

The structural measures that are proposed are 6.8 miles of stream channel improvement which are shown by the red lines on the map.

It also includes the cleaning of the entrance into the ocean which, at times, has been very severely blocked by littoral drifts along the coast.

As I said, at present there are 150 farm units which average about 4 acres in size and every day this farmland is being sold for urban development at a market price as much as \$2 a square foot.

The project is justified on the basis of the anticipated development in this area. It is estimated that there will be 1,600 homes protected by the project and 20 business establishments will be protected.

Mr. POAGE. How many homes?

Mr. WETZEL. 1,600 homes. This is the future development estimate on which the project was justified, sir.

The project will also provide protection to the only access road along the coast. That is an access road to the Government reservation and to the upper area of the island.

This road has been closed many, many times due to the flooding condition. The floods that have come out of these two particular small watersheds, that is.

Mr. JOHNSON. Is that red circle the point of the river or is that the city?

Mr. WETZEL. This is just channels, sir.

This is a Government reservation right here [indicating]. This entire area up here [indicating] is naval reservation with a large antenna field located about here [indicating.]

All of these red lines [indicating] are channels to be developed.

We have worked very closely with the Navy Department in developing this project and they are in the peculiar position of controlling most of the upper watershed lands in their naval reservation. However, they have no authority whatsoever to work outside the naval reservation. They have been subject to severe criticism due to the fact that most of the floodwater is coming from the naval reservation and they have not had the authority to control it after it left the reservation.

Mr. MCINTIRE. Is this situation being aggravated by the naval installations?

Mr. WETZEL. I believe not, sir. The naval installations are up in what you might call the high mountain area. They are primarily antenna fields that probably do not involve too much construction that would aggravate the problem.

The project as proposed will reduce the present flood damages by 97 percent.

The average annual damages in the project are \$287,860. The cost sharing for the proposed program, the total cost of the project, is \$5,309,000 of which the local people will put up 35 percent or \$1,859,000 and Public Law 566 funds represent 65 percent or \$3,449,000.

Mr. POAGE. When you say the local people will put up that much, what do you mean? Is that for rights-of-way?

Mr. WETZEL. That is primarily rights-of-way, sir.

The breakdown of local funds is for the land treatment measures that the local people will install on their lands and \$117,000——

Mr. POAGE. Does the Navy put up most of that \$117,000?

Mr. WETZEL. The channel is not on Navy land.

Mr. POAGE. I know the channel is not but "land treatment" generally means in our country stripcropping, terracing, deep plowing, and that sort of thing.

The only place that could be affected would be on the Navy land?

Mr. WETZEL. Yes, and the Navy indicated it is going to carry on the needed land treatment measures on their land.

Mr. POAGE. What I am getting at is, How much of this \$117,000 is put up by the Federal Government?

Mr. WETZEL. None of that will be put up by the Federal Government other than the work that is done up on the naval installation.

Mr. POAGE. I know it will not except what is done on the naval installation, but how much is done on the naval installation? Is it about \$100,000 of \$117,000?

Mr. WETZEL. Perhaps we can get that figure.

Mr. BROWN. None of that is on the naval reservation.

Mr. WETZEL. None of that is on the naval reservation. This is local costs.

Apparently none of the \$117,000 will be on the naval reservation. That will all be down in the land that is being used for agriculture and rapidly switching to urban. The land easements and rights-of-way which will be provided by the city and county of Honolulu represent \$865,000 of that local cost.

Mr. POAGE. That will be provided by the city and county?

Mr. WETZEL. The city and county of Honolulu.

Mr. POAGE. Is any of this area in the city of Honolulu?

Mr. WETZEL. As we understand it, the city and county of Honolulu cover the entire island of Oahu. The same government serves the entire island of Oahu so, yes, both of these projects are within the city and the county of Honolulu.

The cost-benefit ratio for the project is 1.3 to 1. It is proposed that the project will be carried out over a 5-year period. The city and county of Honolulu will administer all of the contracts and they will also guarantee that the channels will be operated and maintained at a cost of \$36,300 per year.

As I have indicated, the Navy Department has indicated very great interest in this project.

Mr. POAGE. The county was to maintain the channels?

Mr. WETZEL. The city and county, yes. We talk of the city and county as the same government. As we understand it, it is the same government, both the city and the county and it covers the same area.

That completes the presentation on Waianae Nui.

Waianae Iki is a very similar project with the same sponsors and with the same types of problems. It is a smaller area of only 11,650 acres. The urbanization problem is identical and actually these could have almost been presented as one project.

However, they are two distinctly separate watersheds that flow into the Pacific Ocean.

Mr. POAGE. But they are adjoining?

Mr. WETZEL. They are adjoining.

Mr. JOHNSON. Was that shown in the upper part of the map?

Mr. WETZEL. They were both shown on this map. One lies just to the north of the other and both of them empty into the Pacific Ocean.

The costs on Waianae Iki, total project costs, come to \$2,432,000 of which the local people will put up \$461,000 with the city and county of Honolulu providing \$148,000 for land easements and rights-of-way and \$240,000 for the relocation of the utilities involved.

Public Law 566 funds represent 81 percent of the total cost, or \$1,971,000.

It is proposed that this project be installed in 4 years and the city and county of Honolulu has again guaranteed to operate and maintain all of the channels at a cost of \$7,838.

There is no naval installation involved in this project. However, the Corps of Engineers do have a supply base within the project area and we have fully coordinated this plan with the corps as far as the management of their supply base is concerned.

Mr. POAGE. Both of these are dependent upon future urban development?

Mr. WETZEL. That is right.

Mr. POAGE. For their existence?

Mr. WETZEL. That is right.

The agricultural land is rapidly going into urbanization, as the Congressman pointed out.

Mr. McINTIRE. For all practical purposes, these are straight flood-control projects with almost an absolute minimum, in fact, of agricultural interests?

Mr. WETZEL. That is right.

Mr. McINTIRE. What there is at this moment in the way of agricultural interests is so fast disappearing that by the time you get this going, you will have no more agricultural interests in the project?

Mr. WETZEL. That is right, sir.

I might point out that we have also fully coordinated these projects with the Corps of Engineers flood-control responsibility on the islands. This type of project under our two authorities might be handled either by the Corps of Engineers or by the Soil Conservation Service under the watershed program.

Mr. JOHNSON. If this project were undertaken by the Corps of Engineers would you get the same contributions from the city and county of Honolulu as you are getting under the small watershed plan?

Mr. WETZEL. I presume not to this great an extent, sir.

It would depend upon the land enhancement values involved in the corps project. I think it is certain that the local contributions to these two watershed projects are substantially larger than would be involved if the Corps of Engineers handled the project.

Mr. McINTIRE. This would not be necessarily so? It would all depend on what the decision of the corps might be?

Mr. WETZEL. That is right.

Mr. McINTIRE. The corps can establish what they feel is an appropriate ratio for local participation?

Mr. WETZEL. That is right.

Mr. McINTIRE. Another distinction would be that if the corps were doing this, they would do the work?

Mr. WETZEL. That is right.

Mr. McINTIRE. In this instance, this is done under contract?

Mr. WETZEL. Awarded by the city and county.

Mr. McINTIRE. Awarded by the local governments?

Mr. WETZEL. That is right.

Mr. McINTIRE. Or local district, or whatever the unit might be?

Mr. WETZEL. That is right.

Mr. BROWN. Mr. Chairman, I think there is one other point I would not want the committee to miss.

A considerable part, probably a major part of the existing problem of impaired channels is a result of erosion on the watershed lands. This program does envision an extensive program of erosion control

to prevent the petition of that. I would question whether a program carried out by the Corps of Engineers, which has no responsibility for the watershed lands there, could be ultimately successful. There would have to be some provision for the watershed protection aspects and that is important in this project.

Mr. POAGE. Are there any other questions on these projects?

If not, we are very much obliged to you and the committee will consider this in executive session.

Frankly, I do not know whether we will get to any of these projects or any final decision before this hasty adjournment, or not. We may be back here in August working on some of these projects, but we are much obliged to all of you for this presentation.

EAST KEECHI CREEK, TEX.

Mr. POAGE. I see that we have our two colleagues from Texas, the Honorable Frank Ikard and the Honorable Omar Burleson.

STATEMENT OF HON. FRANK IKARD AND HON. OMAR BURLESON, REPRESENTATIVES IN CONGRESS FROM THE STATE OF TEXAS

Mr. IKARD. Mr. Chairman, for the record, I am Frank Ikard, a Member of the House of Representatives from the 13th District of Texas.

Mr. Omar Burleson and I appear in behalf of this East Keechi Creek watershed project.

I do not know which one of us should speak to this, but for the other members of the committee, this watershed encompasses three counties; namely, Jack, Palo Pinto, and Parker Counties; two in Mr. Burleson's district and one in mine.

This watershed covers 99.64 square miles or 63,770 acres.

It envisions 10 water flood retarding structures with a storage capacity of 13,496 acre-feet. Of the total acreage of watershed, 12,477 acres are in cropland, 49,825 acres in pasture. The total estimated cost is \$1,336,000. I speak in round figures.

Public Law 566 funds would be \$829,589 and local interests will bear the cost of operation and maintenance.

The 10 structures, as I indicated, will cost \$889,669 and land treatment measures will be at an estimated cost of \$446,992. Annual benefits are estimated at \$36,674 against an average cost of structural measures in the amount of \$32,898.

The construction of these retention reservoirs would have prevented flood damage from 25 of the 75 floods which have occurred from 1926 through 1957. Annual flooding would have been reduced from approximately 3,620 acres to approximately 1,368 acres.

In the 1957 flood, there was an estimated damage of \$64,775 on 4,358 acres. A similar situation with the structures in being would have resulted in 2,673 acres being flooded with a cost of damage of about \$21,000.

I give you these figures rather hurriedly, Mr. Chairman, because I am aware of the fact that the House is convening right about now.

Mr. Burleson probably has some additional information the committee might want and this is all I have.

Mr. BURLESON. I believe Mr. Ikard has well covered the pertinent points. He has mentioned a benefit-cost ratio of 1.1 which, as I understand, in comparison with other projects, is favorable.

I might mention one other point for the record. This creek is called East Keechi Creek and it runs into a larger creek which is the Keechi Creek and it in turn runs into the Brazos River, both are therefore tributaries of the Brazos River and, knowing Mr. Poage's interest in the Brazos River, this becomes a very important project if for no other reason than siltation protection.

I think it will be recognized that if the area had similar treatment in several other places it would be a real benefit to the main stream of the Brazos River, which is tremendously important.

Mr. JOHNSON. Would it take care of the headwaters of these various creeks so that they would not have further floods on down the river?

Mr. BURLESON. That is true but siltation because of other dam structures on the main stream of the Brazos is tremendously important.

Mr. POAGE. For some reason or other, they have not placed the figures in the report on this one as they usually do. As I figure it hastily now, there is about 2,000 acres of land involved, figuring just the land protected, but 1,500 acres is still not protected.

Mr. IKARD. Annual flooding would be reduced and these are the figures I gave you: 3,620 acres to 1,368.

Mr. POAGE. That is actually 2,300 acres?

Mr. MCINTIRE. Let me ask a question there. What degree of protection does this provide for the 1,300 acres? Is there an incidental protection for the 1,300 also?

Mr. IKARD. There must be.

Mr. WETZEL. There is.

Mr. MCINTIRE. What I am getting at is, I am sure these floods are periodic and there is a risk factor involved on the 1,300, but what reduction of risk is involved? Is it substantial or negligible?

Mr. WETZEL. I do not have the exact figures, Mr. McIntire, but there is no question but what the additional 1,300 acres are receiving substantial benefits.

Mr. MCINTIRE. Are these 1,300 acres under the present situation involved in agriculture at all, or are they just set aside because of the high risk?

Mr. WETZEL. They are involved in agriculture.

Mr. MCINTIRE. Subject to the risk?

Mr. WETZEL. That is right.

Mr. JOHNSON. What about the highways along the river? Are there highways washed out after every flood?

Mr. WETZEL. Yes; there is quite substantial highway damage. The agricultural damages amount to about \$31,000 annually. The road and bridge damages amount to about \$3,700 annually.

There is also approximately \$6,000 sediment damage that results both within the watershed and in Keechi Creek and in the Brazos River.

Mr. JOHNSON. Are any communities flooded out?

Mr. WETZEL. I believe not. I do not think there is any urban damage involved.

I might point out, Mr. Poage, we have calculated the cost per acre on this project at \$129 per acre.

Mr. POAGE. I was trying to figure that out, thank you.

Mr. McINTIRE. In doing that you must be factoring the 1,300 with some degree of improvement, are you not?

Mr. WETZEL. Do you know if that was included?

Mr. BROWN. That is on the total acreage protected.

Mr. WETZEL. That is on the total acreage in the flood plain protected.

Mr. McINTIRE. Then you are including it?

Mr. WETZEL. That is right.

Mr. POAGE. In other words, you figure they are getting protection on the 1,300 acres although you are not getting complete protection?

Mr. WETZEL. That is right. You are not getting the same degree of protection against a 5-year storm you are getting on the 2,300 acres that you are using in your calculation.

Mr. BROWN. Mr. Poage, this is all a question of where you want to draw the dividing line when you come to the degree of protection. There is 100-percent protection right below the dam and this degree fades out as you come on downstream.

Mr. POAGE. The little creeks that are not controlled and flow in—

Mr. BROWN. Usually we have figures of this sort and that means a certain number of acres would be protected at a certain frequency level. In other words, overflow not more frequent than once in 5 years. When you get down to the lower areas, this might have a 2-year level of protection.

Mr. POAGE. We understand that and we understand that on Keechi Creek there is going to be some protection not shown on this map at all.

Mr. WETZEL. That is right.

Mr. POAGE. I can well understand you could have a rain on this watershed and not have it on the remainder of Keechi Creek and this would give complete protection even down Keechi Creek where you would otherwise have a flood.

I understand this is not complete or adequate as a formula, but it is a formula we have been applying to everybody and I think we must consider it on this project as well as every other one, whether you are to have a reasonable relationship between the value of that land when you get through, and your costs involved.

We are faced with this situation: Our costs are going to run approximately \$120-some-odd per acre for each acre in East Keechi Creek watershed and 1,300 of those acres will not have complete protection; is that right?

Mr. WETZEL. That is right.

There are 3,856 acres that are receiving some degree of protection; that is, in East Keechi, receiving some degree of protection from the project.

Mr. POAGE. 3,800 acres below those structures?

Mr. WETZEL. That is right.

Mr. BROWN. That is the total area in blue on this map, including these patches here [indicating].

Mr. McINTIRE. What is the value of this land now?

Mr. WETZEL. The average price of the benefited area is \$150 per acre.

Mr. POAGE. It will be worth something more than that when you put this in?

Mr. WETZEL. That is right.

Mr. McINTIRE. What use is being made of it?

Mr. WETZEL. 40 percent of the benefited area is in cropland, raising cotton, wheat, oats, and corn, and 57 percent in pasture and range, and 3 percent in miscellaneous.

Mr. IKARD. Mr. Chairman, I do not know about that particular one.

Mr. BURLESON. There are two areas involved.

Mr. IKARD. I have not been up and down that creek but I know this area and certain parts of it would be in cotton.

Mr. BURLESON. The cropland amounts to 12,477 acres, pasture, 49,825, and other.

Mr. POAGE. That is your project?

Mr. WETZEL. That is the total watershed.

Mr. POAGE. What we are trying to get at here——

Mr. BURLESON. The actual treatment.

Mr. POAGE. The land that is benefited.

It is a perfect folly to come out to any of these creeks and spend a great deal more for protecting an acre of land from flood than the land will be worth after we get through protecting it.

Mr. IKARD. That is right.

Mr. POAGE. I realize that there is a lot more land up above that is going to be benefited by soil treatment practices, but as we told Mr. Winstead the other day, I cannot understand how the building of those dams is going to add to the value of that land above the dam.

Mr. BURLESON. I think the encouragement of the land treatment would be a meritorious consideration.

Mr. POAGE. He made that same argument.

Mr. JOHNSON. The water level was raised by holding the water back and sinking it into the ground.

Mr. POAGE. I think there are a lot of incidental benefits in all of these projects.

Mr. WETZEL. That is one point we would like to bring out, that there are very substantial recreational benefits from these structures, that are not evaluated. However, the people above the structures can enjoy the recreational aspects of the structures just as well as those whose lands the structures are located on, and the people below.

Those recreational benefits are substantial in a project of this type.

Mr. JOHNSON. I know in Wisconsin the State conservation commission is consulted. They are involved on the planning of the project.

Mr. WETZEL. That is right. They approve the original application, and the work plan, after it is completed.

Mr. POAGE. May I ask you what road or highway there is running north and south? Is that the Jacksboro Road?

Mr. BROWN. Federal Highway 281.

Mr. POAGE. Is that the Mineral Wells-Weatherford Road that turns out there?

Mr. IKARD. No.

Mr. POAGE. I mean the Jacksboro-Weatherford Road?

Mr. IKARD. Yes.

Mr. BURLESON. Yes.

Mr. JOHNSON. There are two branches covered.

Mr. POAGE. Those roads shown are part of the highway system?

Mr. IKARD. All except 281 would be.

Mr. BROWN. That is Federal Highway 281 going north.

Mr. POAGE. That is Jacksboro?

Mr. IKARD. That is right.

Mr. POAGE. Obviously, it suffers a substantial damage there because you have got a good deal of impounding above that road.

Mr. JOHNSON. The road crosses the creek in two places.

Mr. POAGE. Are there any other questions on this project?

Mr. BROWN, did you have anything further?

Mr. BROWN. No, Mr. Chairman. I believe the Congressmen from this area have pretty well covered the presentation we had intended to make.

Do you have anything else?

Mr. WETZEL. I have nothing else other than to point out that the local people have already organized the East Kechi Water Control District No. 1, which will have adequate legal authority to carry on the project.

Mr. POAGE. Have the counties committed themselves to maintain the structures?

Mr. BURLESON. The four conservation districts involved have already a tax system and structure set up for that purpose and are now collecting taxes on it.

Mr. WETZEL. That is right.

Mr. BURLESON. They are getting their funds together.

Mr. WETZEL. This water control and improvement district has the right of eminent domain and the authority to levy taxes. They have already started to levy taxes to obtain the necessary land easements and rights-of-way.

Mr. BURLESON. They did that, feeling sure this committee would approve the project.

Mr. POAGE. Thank you, gentlemen.

Mr. BURLESON. Thank you, Mr. Chairman.

Mr. IKARD. Thank you, Mr. Chairman.

FRENCH LICK CREEK, IND.

Mr. POAGE. I see we have our colleague, Mr. Hogan, with us.

STATEMENT OF HON. EARL HOGAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. HOGAN. French Lick Creek project, Mr. Chairman.

Mr. Chairman and members of the committee, I wish to testify in behalf of the French Lick Creek watershed project being considered by your committee this morning.

Probably the most important fact that I can bring to your attention in a plea for favorable consideration is the benefit-cost ratio of 1.4 to 1.

At this very time the area which will be affected is suffering from recurring flooding. The need of the project is great and I urge your approval.

It is estimated that 35 percent of flooding in the towns of French Lick and West Baden would be eliminated by this watershed and

80 percent flooding to affected farmlands would be eliminated by it.

The total cost of the project is \$347,690 with the Federal share \$243,383 and non-Federal \$104,307. While the watershed involves only 33 square miles of land, the area in Orange County, Ind., has waited long and patiently for the relief that this project will give them.

Again, I urge your approval of this project.

I also have a telegram from the chamber of commerce of French Lick-West Baden area which I would like to insert in the record.

Mr. POAGE. Without objection, that will be made a part of the record.

(The telegram follows:)

FRENCH LICK, IND., June 9, 1960.

Representative EARL HOGAN,
House of Representatives,
Washington, D.C.:

Please do all in your power to secure appropriations for the French Lick Creek watershed program. Although unavoidable circumstances resulted in late arrival of this bill before the House, failure of funds this year could mean extensive water damage to community for 1 year more.

FRENCH LICK-WEST BADEN CHAMBER OF COMMERCE, INC.

Mr. POAGE. Do you have a presentation to make on this project?

Mr. WETZEL. The French Lick Creek watershed is, as the Congressman said, located in Orange County. It covers roughly 22,000 acres and the two main urban areas in the watershed are French Lick Creek with a population of 1,946 and West Baden Springs with a population of 1,047.

The project application was sponsored by the Orange County Soil Conservation District. The local people are currently in the process of organizing the Spring Valley Conservation District which will become a cosponsor and will have adequate authority to carry out the project, including the right of eminent domain and tax authority.

Mr. POAGE. What about the existing authority? You cannot start one of these until you have an authority that can commit itself to that?

Mr. WETZEL. That is right.

The Orange County Soil Conservation District has all the authority needed to submit an application. They do not have the right of taxation or the right of eminent domain. These are the two primary reasons they are organizing the conservancy district. We accept applications from soil conservation districts or any local agency that has the authority to carry out watershed programs under State law.

Mr. POAGE. I understand that. In some States they have the right to levy taxes and in others they do not?

Mr. WETZEL. That is right.

This project is primarily one of urban protection in French Lick and West Baden Springs, there also is some agricultural damage to the farms in the flood plain.

At the present time, there are 30 farms in the flood plain area covering 808 acres of flood plain land.

The French Lick Hotel, which was very prosperous in past days, has gone considerably downhill in the last few years, due to the very serious flood hazards that existed from French Lick Creek. The hotel holdings themselves have suffered serious flood damages. The

hotel has now been taken over by a chain and is being redeveloped. Apparently, it is coming back to life.

West Baden College in West Baden Springs has also suffered very serious flood damages. The land use and the total watershed area is 15 percent in cropland, 14 percent grassland, 50 percent woodland, and 20 percent idle or miscellaneous.

The landownership is 592 acres of Federal land and 21,288 acres or 97 percent, in private land.

There are 200 farms in the total watershed area that average about 95 acres each.

The land treatment measures that are proposed include the general run of land treatment measures. The structural measures proposed are three floodwater retarding structures, one multipurpose structure which will have a flood prevention capacity of 2,892 acre-feet, and a permanent fish and wildlife development capacity of 1,302 acre-feet.

The local cost for this fish and wildlife development will be paid by the Indiana State Department of Conservation.

There are also 5 miles of channel improvement primarily through the two urban areas.

The land use in the benefited area itself is 89 percent in crops—corn, soybeans, and oats; 5.5 percent in meadow; and 5 percent in woods and brush.

The protection provided the agricultural lands will be 100 percent protection against a 3-year frequency storm, whereas the protection provided the urban areas will be 100 percent protection against a 50-year frequency storm.

The local people in the urban areas have been intensely interested in this project and have given many assurances of their cooperation.

The costs involved in the total project come to \$765,000 of which the local people will put up 46 percent or \$348,000 while Public Law 566 funds cover 54 percent or \$417,000.

The cost of the fish and wildlife capacity in this one multipurpose structure is \$121,000 and the Indiana State Department of Conservation has already agreed to provide one-half of this or \$60,440.

Mr. SHORT. Were your figures the same on the total cost as local participation? As I recall, we have a total cost of \$347,000 and you gave a total cost of \$765,000.

Mr. POAGE. He gave the total Federal cost.

Mr. HOGAN. Yes.

Mr. WETZEL. The total Federal cost is \$416,910 and the local cost is \$348,190. The total project cost is \$765,100.

Mr. SHORT. I understood Mr. Hogan to say that the total cost was \$348,000 with the Federal share \$243,000 and the local share \$104,000.

Mr. WETZEL. That is for the structural measures. The figures I have given are for the total project, including the land treatment measures on the watershed lands.

The benefit-cost ratio for the project is 1.4 to 1, and it is scheduled for installation over a 5-year period.

The Spring Valley Conservancy District will become a cosponsor as soon as it is organized. It is in the process of organization at the present time and they will complete the contracts for the work of improvement and secure the necessary land easements, rights-of-way, and operate and maintain the necessary structural measures.

This district has powers of eminent domain and tax assessment.

The cost of operating and maintaining the projects is \$3,240 per year and there has been an unusually large number of State agencies that have participated in the development of this plan.

As I said, the State division of fish and game of the department of conservation has assisted in the planning of the fish and wildlife aspects of the plan. The State division of forestry has participated actively.

In Indiana, they have a Flood Control and Water Resources Commission that is extremely active and a strong supporter of the watershed program.

Also the State highway department has assisted in agreeing to provide some of the necessary road and bridge relocations that will be needed as a part of the project.

Mr. POAGE. Thank you very much.

If there are no further questions, we are very much obliged to you.

Mr. McINTIRE. Just one more question, Mr. Chairman.

This is substantially an urban flood control project?

Mr. WETZEL. That is right, sir.

Mr. POAGE. Thank you very much.

The committee will now go into executive session.

(The following statement was submitted to the subcommittee:)

STATEMENT OF HON. BYRON L. JOHNSON, OF COLORADO, IN REGARD TO THE FRANKTOWN-PARKER TRIBUTARIES OF CHERRY CREEK WATERSHED BEFORE THE HOUSE SUBCOMMITTEE ON CONSERVATION AND CREDIT OF THE AGRICULTURE COMMITTEE

Mr. Chairman, the conservation of our topsoil is essential to the economic welfare of our Nation. I pay tribute to those who more than 25 years ago saw the need for action to conserve our precious land and began forming soil conservation districts. We cannot rest, however, for the rains continue, the winds continue, and the erosion and floods continue. One such public minded group of American farmers and ranchers who have banded to meet this problem and who are not resting, are the members of the Cherry Creek Soil Conservation District of Colorado.

The Franktown-Parker watershed project lies within the Cherry Creek Soil Conservation District, tributary to the South Platte, within Denver. The proposed watershed is about 38 miles in length and averages 10 miles in width; with a total watershed area of some 176,640 acres or about 276 square miles of Douglas, Elbert, and El Paso Counties.

Mr. Chairman, today this area has its erosion and flood problems; the main problem is water runoff, which is causing significant floodwater sediment, and erosion damage. There have also been numerous floods in this area dating back to 1864 (major floods occur about once every 8 years).

This watershed project will aid soil and water conservation in this area of Colorado and provide watershed protection and flood protection. The plan includes both land treatment and structural measures which will be combined to harness nature for man's better use.

Mr. Chairman, let's build the Franktown-Parker watershed project.

(Whereupon, at 10:55 a.m., the committee went into executive session.)

WATERSHED RIGHTS-OF-WAY ACQUISITIONS

H.R. 11586 AND H.R. 11615

APRIL 28, 1960

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WATERSHED RIGHTS-OF-WAY ACQUISITIONS

THURSDAY, APRIL 28, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CONSERVATION AND CREDIT
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 1310, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Stubblefield, Short, and Pirnie.

Also present: Hyde H. Murray, assistant clerk, John J. Heimbürger, counsel, and Francis LeMay, consultant.

Mr. POAGE. The subcommittee will please come to order, and the clerk will call the roll.

(The clerk called the roll and the following were present: Mr. Poage and Mr. Short.)

(Subsequent to the calling of the roll, the following members were present: Poage, Stubblefield, Short, Pirnie, and Jones of Missouri.)

Mr. POAGE. The committee is meeting this morning to consider H.R. 11615 and H.R. 11586, identical bills. One was introduced by the gentleman from California, Mr. Clem Miller, and the other by Mr. Baldwin.

The Department witnesses are present. If the Department is interested in it we should like to hear from them. We have a report here in which the Department says that they interpose no objection to the bill one way or the other.

(H.R. 11615 and H.R. 11586 follow, together with the report of the Department of Agriculture.)

[H.R. 11586, 86th Cong., 2d sess.]

A BILL To amend section 4 of the Watershed Protection and Flood Prevention Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of section 4 of the Watershed Protection and Flood Prevention Act (68 Stat. 666), as amended, is amended to read as follows:

"(1) acquire or provide assurances satisfactory to the Secretary that they will acquire, without cost to the Federal Government, such land, easements, or rights-of-way as will be needed in connection with works of improvement installed with Federal assistance;"

[H.R. 11615, 86th Cong., 2d sess.]

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DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 27, 1960.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR CONGRESSMAN COOLEY: This is in reply to your request of April 8, 1960, for the views of this Department on H.R. 11615, a bill to amend section 4 of the Watershed Protection and Flood Prevention Act.

This Department interposes no objection to enactment of the bill.

The bill would amend the Watershed Protection and Flood Prevention Act so as to give the Secretary of Agriculture administrative leeway similar to that provided the Secretary of the Army under the Flood Control Acts and the Secretary of the Interior under the Small Reclamation Projects Act in determining when a local organization has complied with the requirement that it acquire without cost to the Federal Government such land, easements, or rights-of-way as will be needed in connection with works of improvement installed with Federal assistance.

The purpose of the bill is to permit the Secretary of Agriculture to proceed to provide Federal assistance for the installation of works of improvement without waiting for final acquisition by the local organization of title to the necessary lands where he has satisfactory assurance that such title will be acquired.

In California, as in many other States, State law provides for the entry of a court order of possession under which governmental bodies proceed with public works on the land, although title to the land does not pass until compensation is determined and final judgment is rendered at some later date.

Under section 3 of the Flood Control Act of 1936 (33 U.S.C. 701c) the Corps of Engineers may proceed with works of improvement after such an order of possession has been entered. Under section 4(b) of the Small Reclamation Projects Act of 1956 (43 U.S.C. 422d(b)) the Secretary of the Interior may proceed with projects on the basis of such an order. Both of these laws provide that satisfactory assurance that the land will be acquired is sufficient, and the work need not be delayed until title is perfected.

Under section 4 of the Watershed Protection and Flood Prevention Act the Secretary of Agriculture can proceed with installation assistance only if title has been finally acquired. This amendment would give him the same authority to proceed on satisfactory assurance that title will be acquired as section 3 of the 1936 act gives to the Secretary of the Army and section 4(b) of the 1956 act gives to the Secretary of the Interior.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

E. L. PETERSON, *Assistant Secretary.*

MR. POAGE. Mr. Young, do you have anything that you want to say? Is the Department interested in this? Do you want to make a presentation or is the Department's attitude simply that which is stated in this report?

**STATEMENT OF GLADWIN YOUNG, DEPUTY ADMINISTRATOR;
ACCOMPANIED BY G. E. RYERSON, DIRECTOR OF ADMINISTRATIVE
SERVICES DIVISION; AND L. M. ADAMS, ASSISTANT TO THE
ASSISTANT GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE**

MR. YOUNG. I think, Mr. Poage, that we have a concern about it. The reason the Department indicated no objection was that the in-

terest in, and the origin of the request came from outside of the Department, rather than from within the Department.

Mr. POAGE. What I am trying to get at is this, does the Department think that this ought to be the law? Or is it that you just do not have any objection to it and do not care? If it is something which you feel needs action we would like to know about it.

Nobody here seems to care anything about this bill. Do you care anything about it? I do not mean that critically. If you are opposed to it, that is perfectly all right. Do you feel that it should be the law?

Mr. YOUNG. The situation that arose with respect to this, that brought this bill into being arose in California. Apparently, it is going to cause some delay in one of the projects and may cause delay in other projects, but we can only anticipate that.

We point out in this report that the Army and the Bureau of Reclamation both have administrative leeway as is proposed in this bill. Therefore, we think it would be appropriate and all right if this committee thinks so, for the Department to have that administrative leeway, too.

Mr. POAGE. You think it would be appropriate, but you do not think that it would make any difference?

Mr. YOUNG. Personally, I think it would make some difference.

Mr. POAGE. Do you think that this ought to be the law?

Mr. YOUNG. I think that it ought to be the law. That is my personal opinion, so that it would permit the program to go along without interruption. And that we may experience interruption without it.

Mr. POAGE. Is there anything else?

Mr. SHORT. Do I understand the provisions of this bill to be that this is just a revision of the public law to permit construction work to go ahead in the event they do not actually have easement, upon the assurance that they are going to get the easements—is that about the sum and substance of the bill? We have provisions of law such as that pertaining to highways and whatnot. Is that the sum and substance of this bill?

Mr. YOUNG. It is not quite that. It is my understanding that under this bill we can proceed as soon as an order of possession is granted—as soon as the condemnation suit is started by the local organization and they get an order of possession under the condemnation suit. Under the provisions of this bill we could proceed in extending Federal funds.

Under the present law we may not proceed until the final title is passed. And that may be for whatever period of time it takes to finally get it through the courts to a final conclusion.

The other Federal agencies, the Department of the Army and the Bureau of Reclamation, under the Small Irrigation Projects Act, may proceed on the basis of the order of possession and need not wait until the final title is cleared by the courts at the end of the condemnation suit.

Mr. SHORT. What happens if this type of legislation is passed in the event that the courts finally rule against the condemnation?

Mr. YOUNG. I wonder if I could ask counsel of the Department to answer that?

Mr. POAGE. If the decision has been made, the condemnation has been made, the only question left is a question of the price to be paid. That is about the only question unadjudicated. The title goes to the Government and then there is the question of payment, the amount of the payment which is still before the court.

I do not believe that this bill is confined to that. I would like for our attorney to give us his opinion.

This provides for "assurances satisfactory to the Secretary" that "the local organization will acquire it without cost to the Federal Government; such lands, easements, or rights-of-way as will be needed in connection with the work." It seems to me that that would clearly allow acquiring an order of taking before he will proceed, but that still leaves the Secretary with the authority to simply take a telephone call as being assurance.

Do you understand that action is required for the taking?

Mr. YOUNG. Let me ask Mr. Adams to answer that.

Mr. ADAMS. In a condemnation proceeding they would have to get an order of possession which may be called by a different name in different States. Otherwise, they would be trespassing on the owner's land.

Mr. POAGE. That is what the bill says. It says that the local agency must acquire or provide assurances satisfactory to the Secretary that they will acquire it without cost to the Federal Government—that they will acquire the land, easements, rights-of-way, as will be needed in connection with the work or the improvement to be installed with Federal aid. Why does that not authorize the Secretary, if he wants, to take a telephone call as being adequate assurance?

I am not saying that he would, but does not that make it perfectly legal that if I call up the Secretary and say that I can get the land that he can go ahead?

Mr. ADAMS. He could proceed with the construction.

Mr. POAGE. He can go ahead with the construction?

Mr. ADAMS. Yes.

Mr. POAGE. The Secretary does not go ahead with the construction. The local agency does that. But the Secretary can put up the money?

Mr. ADAMS. That is correct.

Mr. POAGE. By virtue of a telephone call from me, if he wants to do so.

I say that the Secretary can accept that?

Mr. ADAMS. If he considers that to be satisfactory assurance he could accept it.

Mr. POAGE. It is sort of inaccurate to say that it requires an order of taking.

Mr. ADAMS. In condemnation cases it will require, at least, an order of possession because otherwise they could not start the construction.

Mr. POAGE. Do you say that they could not start work? I think that they could in some instances. All that they have to do is to satisfy that landowner.

Mr. ADAMS. Yes.

Mr. POAGE. Is that not correct?

Mr. ADAMS. Yes, however, I am assuming that they have to resort to condemnation to acquire the easement. If they can get an ease-

ment without the condemnation, then the proposed amendment would not be involved.

Mr. POAGE. You know that 9 times out of 10 when we walk down to a piece of land, you do not know who owns the property. I can say that I am the administrator of the owner of that land. I can say, or purport to be an heir who is interested, and I come along and say, "Sure, that is all right. I am in possession." Then they can move in with their construction work. There is no order of taking there—there is not anything except that we have given the Secretary assurance—I mean the local board has given the Secretary assurance that they would get the title. I am in possession. They cannot get the title. They do not have any title at all.

Mr. ADAMS. You mean that no title is to be acquired in the case you are talking about?

Mr. POAGE. Sure. This does not take it into a condemnation suit.

Mr. ADAMS. They would have to obtain an easement or an order of possession in a condemnation suit in order to provide assurances that were satisfactory to the Secretary.

Mr. POAGE. I know that. That is what we are talking about. The "assurance satisfactory to the Secretary" can be anything on earth.

Mr. ADAMS. That is correct.

Mr. POAGE. It seems to me that we are in error when we say that this bill requires an order of taking; it does not require that.

Mr. ADAMS. That is correct.

Mr. POAGE. It is wide open.

Mr. ADAMS. The language of the bills would give the Secretary of Agriculture substantially the same discretion as given to the Secretary of the Army by the Flood Control Act of 1936.

Mr. POAGE. I am not saying that it is wrong. I am not condemning it as being wrong, but I am saying that we are kidding ourselves when we say that this bill requires an order of taking. I was told that last week, that this bill would let you move in on an order of taking until final completion of the condemnation proceeding. That is not what the bill does. It says plainly that the Secretary can take any assurances he desires. He can read the newspapers if he wants to for that assurance, and he can read that the local board has decided that they would acquire the title. If he wants to accept that as adequate assurance, he is completely protected under this bill.

Mr. ADAMS. That would be within his discretion.

Mr. POAGE. Of course. It simply says that the Secretary can put up the money any time he wants to; is that not right?

Mr. ADAMS. That is correct.

Mr. POAGE. That is all we are concerned with. We are not considering somebody else's bill.

Mr. ADAMS. Yes.

Mr. POAGE. It is this bill.

Mr. ADAMS. As a practical matter, where condemnation proceedings were not involved local organizations would continue to get the easements just as they are getting them now, and the title to the easements would have to be vested in the local organizations before the Secretary furnishes the assistance for construction.

Mr. POAGE. I think that it may be perfectly well where the court has issued an order of possession, so far as the Secretary is concerned,

that is all that is needed, because the district will pay for it after that order has been issued, but prior to the issuance of that order, the sky is the limit under this bill.

Mr. HEIMBURGER. I have a suggestion, Mr. Chairman, that you might want to get Mr. Adams' comment on. I wonder how it would be if we inserted before the word "assurances" either the word "legal" or the word "judicial"?

I am not sure which would be more appropriate. And then indicate in the committee report as the reason for putting in this language that it was the committee's intention that this exception would apply only for an order of taking or a similar order issued by a proper court.

Mr. ADAMS. I think that could be done. What you have in mind is limiting the furnishing of satisfactory assurances to those cases in which condemnation is involved?

Mr. HEIMBURGER. Yes.

Mr. ADAMS. Otherwise, the local organizations would have to acquire the easements just as they are now doing?

Mr. HEIMBURGER. Well, if you had the word "legal" in there, for example, I would take it that it would mean the transfer of title to the property was unequivocal either by the court or a document signed by the landowner, even though some other act remains to be done.

Mr. ADAMS. Where condemnation is not involved the title to the easement should be vested in the local organization before the Secretary permits the local organization to commence construction.

Mr. HEIMBURGER. Then there is no problem about the application of whatever language we use to the situation of a voluntary sale and acquisition on the part of the local organization.

I just wanted Mr. Adams' comment on that, Mr. Chairman.

It seems to me that there might be an indication of the committee's intention here that this be confined to cases in condemnation and where orders of taking have been issued. And that that might be a vehicle for indicating it.

Mr. POAGE. We have one of the authors of the bill here now. The committee was just about to dismiss your bill for want of prosecution.

We will be glad to hear from you now, Mr. Baldwin.

STATEMENT OF HON. JOHN F. BALDWIN, A REPRESENTATIVE IN CONGRESS FROM THE SIXTH CONGRESSIONAL DISTRICT, STATE OF CALIFORNIA

Mr. BALDWIN. Thank you, Mr. Chairman.

Let me express my appreciation to the committee for having scheduled hearings on these two bills this morning. The bills are identical.

Congressman Miller of California has introduced H.R. 11615 and I have introduced H.R. 11586.

I might say the reason we introduced these bills is that, for example, in my district we have a pilot watershed project, one of the original 50 pilot projects, the Walnut Creek soil conservation pilot project. And under the law as it then existed for the pilot project, the Soil Conservation Service can come in and as soon as the local district files a condemnation action and gets a right of immediate entry from the court, the Soil Conservation Service has accepted that as adequate

evidence that title would be granted and has, therefore, released the Federal funds and the work has proceeded.

So on the 50 pilot projects the procedure is followed that this bill would prescribe for projects under Public Law 566. However, what happened was that when Public Law 566 was passed the wording was spelled out somewhat differently and the Soil Conservation Service has interpreted that wording to mean to acquire actual proof of title. So in my own district there are two soil conservation projects, one a pilot project and one a Public Law 566 project.

The pilot project is proceeding simply on the filing of condemnation action with the right of entry being granted by the court whereas the Public Law 566 project, under the ruling of the Soil Conservation Service cannot proceed when you file a condemnation action and get a right of entry but you have actually to carry that suit to judgment and obtain the judgment and file it with the recorder's office.

And in California the courts are so delayed that usually we wait 9 to 12 months from the filing of a suit before we can actually get the suit tried. And this means, for all practical purposes, that one project is delayed practically a year alongside of another project that is proceeding under the pilot project system.

The Air Force, for example, in my same district, under their law, has the right of immediate possession. For example, they have a Capehart housing project just underway and they are going to file a condemnation suit for 166 acres of land adjacent to Travis Air Force Base. The moment they file the suit they can get an order to get possession and proceed immediately to build.

So our intention, Mr. Chairman, by the introduction of this bill, was to give the Public Law 566 projects the same rights to proceed in the condemnation where suit was filed and the right of immediate entry was granted by the local court and immediately at that point to proceed with Federal funds as has been the case with the pilot watershed projects.

Mr. POAGE. Does this language that you have in here come from the Watershed Act?

Mr. BALDWIN. This language, Mr. Poage, we asked to be drafted by the Soil Conservation Service and they drafted this language and submitted it to us and said, "We believe this will accomplish the purpose."

Mr. POAGE. The Soil Conservation Service had agreed before you came in that this language allowed the Secretary of Agriculture to read the newspapers, or hear to from anybody in the district where they would say that they would acquire the rights-of-way, and if the Secretary of Agriculture decided that was adequate assurance that he could proceed and put up the Federal money.

Mr. BALDWIN. We have no intention of making this bill that liberal.

Mr. POAGE. I know that you do not.

Mr. BALDWIN. So far as I am concerned, I would be perfectly willing to have the committee report specify that what was intended here is that under the law of the State, if a right of entry is granted in connection with the condemnation suit that that will be considered the assurance required by this bill.

I think that could be handled by just such a provision in the committee report. I think that would solve this question.

Mr. POAGE. That would do what we had understood the bill was intended to do?

Mr. BALDWIN. That is correct.

Mr. POAGE. I want to ask you about one other thing and I want the Soil Conservation Service to comment on it as well.

It has been my experience that we have had a great deal of trouble with the lawyers in the Department of Agriculture. And I say that as one who used to process law. They require a title examination. And an examination of title by the average lawyer means anything as long as he wants to drag it on. Down in my part of the country land titles go back to Spanish grants. They may find that the King of Spain did not have his signature properly authenticated. The result is that they find that the title is not accurate. Apparently they never read the statute of the limitations under which most of our titles are good anyhow.

It seems to me that in leaving it that wide open that we ought to do something to make the Department pass on these titles within some kind of reasonable time.

Frankly, it seems to me that where they have \$50 worth of land involved that it is rather ridiculous for them to spend \$300 on lawyers' fees searching the title. You may have 1 or 2 acres involved in some instances, and would be spending in a sense a larger amount of money correcting the title than the land is worth.

From a practical standpoint, in many instances the land banks have made loans on the property and all that seems needed is an examination from the date of the land bank loans.

I wondered if the Department felt that there was any way that you could do something to shorten this. We have the same problem with other agencies. Is there not some way that we can shorten this proposition without spending \$300 for a \$50 title?

Mr. YOUNG. Do you want to know what we think about that?

Mr. POAGE. Yes, I do.

Mr. YOUNG. I will let Mr. Adams comment on that.

Mr. ADAMS. Mr. Poage, we do not require title examination in connection with these easements that the local organization obtains. The Soil Conservation Service does not require them. We do not require them. We require that the local organization certify that it has all of the necessary land easements, rights-of-way in connection with a certain project. They have to make a certification. And in the instructions that the Soil Conservation Service issues, the local organization is required to make reasonable efforts to ascertain the ownership of the land. And if there is any question about it, then it might mean a title examination might be required. If there is some question about the title, I mean. But in the average case, we do not require any title examination at all.

Mr. POAGE. I take it then that the trouble lies in the interpretation of what is a reasonable effort?

Mr. ADAMS. I do not think that we will have any trouble along that line. I have not heard the Soil Conservation Service complain about any title examination procedures.

Mr. YOUNG. We in the Department of Agriculture make no title search on any easement. We merely ask the local organization to certify to us that they have title for the easement that they are seeking.

Mr. POAGE. I am glad to know that they are doing that because I happen to have had some experience with another part of the Department of Agriculture.

I am delighted to know that your section of the Department of Agriculture is not going that far.

Mr. ADAMS. The Soil Conservation Service realizes that there will be some small risk in this, but they think that it is a business risk that they can incur.

Mr. POAGE. It is better to take a small risk than to spend all of that money.

Mr. ADAMS. That is right.

Mr. POAGE. I am glad to know that you are not pursuing that policy. Are there any questions?

Mr. SHORT. No.

Mr. PIRNIE. No questions.

Mr. POAGE. We are very much obliged to you, Mr. Baldwin.

I see Mr. Miller here now.

We would like to hear from you now.

Mr. BALDWIN. Thank you, Mr. Chairman.

STATEMENT OF HON. CLEM MILLER, A REPRESENTATIVE IN CONGRESS FROM THE FIRST CONGRESSIONAL DISTRICT OF THE STATE OF CALIFORNIA

Mr. MILLER. Mr. Chairman, I regret exceedingly that I was not in the room when the previous witness testified and my colleague, Congressman Baldwin, testified, because it is not my desire to be repetitive. On the other hand, I do wish to impress on this committee, if I may, the great importance and the gravity of the situation which is developing with respect to Public Law 566 projects, if this important amendment is not added.

I would, certainly, hope that this can be considered with the utmost dispatch and that we can have legislation on the floor, where I am sure that there will be no objection to it.

Almost everyone in our Western and Southern United States have Public Law 566 projects. If they are going to be in the process of constructing such projects, they may well run up against this kind of a problem. Therefore it is a most necessary addition to the law.

I would urge that it be considered by the committee and reported favorably.

Mr. POAGE. Mr. Miller, the question has been raised that this bill actually gives the Secretary a great deal more authority than was contemplated from the standpoint of merely allowing him to accept an order of taking, rather than a complete title. I do not know whether there is any objection to that. In fact, it seems to me that if title is acquired by private transaction, that is a sound procedure. I find no fault with that.

I wonder if that is a possible loophole where you would accept the assurances of the district that the title will be had by conveyance. It may be that it is all right.

Do you think that we ought to limit it as Mr. Baldwin suggested and as I have suggested?

Mr. BALDWIN. In case Mr. Miller was not in the room when this came up——

Mr. MILLER. I was.

Mr. BALDWIN (continuing). I suggested that a simple provision in the committee report would take care of this.

Mr. MILLER. This is the language which has been suggested by the agency; I would say, Mr. Chairman, I fail to understand how they could suggest this language to us and then come and say that it gives broader powers.

Mr. POAGE. The Department has not said that. I was the one who said that.

Mr. MILLER. I see.

Mr. POAGE. The Department said that they were satisfied with the language. I am not disposed to argue with them about it, if they are going to apply the same rules to both transactions, that is, where they are buying the property or in condemnation, but I would like your opinion on it.

Mr. MILLER. My opinion would be that if there is a fear by this committee that this might result, it should be taken care of in the committee report—to limit it to requirements which you have just set forth.

Mr. POAGE. I do not think that the committee report could do it. I think that the committee report on the Wagner-Peyser Act is quite clear, that it did not have anything to do with farm labor, but the Secretary of Labor said that it gave him authority to go out and impose minimum wage laws on farmworkers.

Mr. MILLER. I would certainly accept a redrafting of the bill which would specifically set forth the prescriptions and restrictions which you feel are necessary to make this an effective instrument.

I might say I do not feel that any legislation is really necessary; I think that this is arbitrary and capricious on the part of the administration. I think it shows basic lack of sympathy with the provisions of the act.

I might say that I understand rumors are that they are going to apply this to all soil-conservation projects in the future, perhaps, and not just to Public Law 566 projects. This seems to me an unnecessary stretchout, but I am willing to go along with their wishes if we can get action which will be satisfactory to all parties.

Mr. POAGE. Are there any further questions? If not, we are very much obliged to you, Mr. Miller.

Mr. MILLER. Thank you.

Mr. POAGE. And to you, Mr. Baldwin, and to the representatives of the Department of Agriculture.

We appreciate your appearance and the committee will shortly go into executive session and discuss the matter.

(Thereupon, at 10:35, the committee proceeded into executive session.)

NORTH DAKOTA LANDS USE RESTRICTION REMOVAL

H.R. 10700 AND S. 2772

JUNE 6, 1960

NORTH DAKOTA LANDS USE RESTRICTION REMOVAL

MONDAY, JUNE 6, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENTAL
OVERSIGHT AND CONSUMER RELATIONS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 1310, New House Office Building, Hon. Paul C. Jones (chairman of the subcommittee) presiding.

Present: Representative Jones and McIntire.

Also present: Christine S. Gallagher, clerk, and John J. Heinburger, counsel.

Mr. JONES (presiding). The subcommittee will come to order.

Is Mr. Claude Starr, Chief of the Agreements and Real Estate of the Soil Conservation of the U.S. Department of Agriculture present?

(No response.)

Mr. JONES. We have before us H.R. 10700 introduced by Mr. Short, together with a report from the Department of Agriculture dated April 7, 1960, addressed to the chairman of the full committee. These will be made a part of the record at this point:

(H.R. 10700, the report dated April 7, 1960, and S. 2772 follow:)

[S. 2772, 86th Cong., 2d sess.]

AN ACT To authorize the Secretary of Agriculture to convey land in the town of Cascade, El Paso County, Colorado

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to convey by quitclaim deed, without consideration, to Mary E. Cusack, her heirs, devisees or other successors in interest, donor in a certain deed to the United States dated May 5, 1920, filed for record in El Paso County on December 30, 1920, and recorded in book 627, page 439, all the right, title, and interest of the United States in and to the following described land located in the town of Cascade, El Paso County, Colorado: The easterly one hundred feet of lots numbered 7, 8, 9, 10, 11, 12, 13 and 14, block 24, all in addition numbered 1 to the said townsite of Cascade, El Paso County, Colorado, and lying and being within section 26, township 13 south, range 68 west of the Sixth principal meridian: *Provided*, That application for any such conveyance and proof of interest satisfactory to the Secretary of Agriculture shall be made within five years from the date of this Act.

Passed the Senate April 11, 1960.

Attest:

FELTON M. JOHNSTON, *Secretary*.

[H.R. 10700, 86th Cong., 2d sess.]

A BILL To provide for the removal of the restriction on use with respect to certain lands in Morton County, North Dakota, conveyed to the State of North Dakota on July 20, 1955

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized and directed to convey, without consideration and by quitclaim deed or other appropriate means, all reversionary interest which the United States has in and to certain lands in Morton County, North Dakota, by reason of the provision of the deed of July 20, 1955, whereby the United States, in conveying such lands to the State of North Dakota, provided that, if such lands ceased to be used for public purposes, title thereto should immediately revert to and become revested in the United States. Such lands are more particularly described as follows:

The southwest quarter of section 36 in township 139 north of range 81 west of the fifth principal meridian, and lots 3 and 4, also known as the north half of the northwest quarter of section 1 of township 138 north of range 81 west of the fifth principal meridian, containing 240.2 acres, more or less, and together therewith all accretion land and all and singular the water rights and other rights, tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 7, 1960.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your letter of February 29, 1960, requesting a report by this Department on H.R. 10700, a bill to provide for the removal of the restriction on use with respect to certain lands in Morton County, N. Dak., conveyed to the State of North Dakota on July 20, 1955.

The Department would have no objection to enactment of the bill.

The bill would authorize and direct the Secretary of Agriculture to convey to the State of North Dakota without consideration all reversionary interest which the United States has in approximately 240 acres of described lands in Morton County, N. Dak., by reason of the provision of a deed dated July 20, 1955, by which the United States conveyed these lands to the State of North Dakota subject to the condition that if the lands ceased to be used for public purposes, title thereto would revert to the United States.

The lands covered by this bill were purchased by the Federal Government in 1939 under the act of April 27, 1935 (16 U.S.C. 590a-f) for use as a nursery site by the Soil Conservation Service. In 1953 it was decided to cease Soil Conservation Service nursery operations at this site. Executive Order No. 10516, dated January 26, 1954, authorized the transfer of these lands to the Secretary of Agriculture for use, administration, and disposition under title III and the related provisions of title IV of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1010 et seq.). That act required that lands disposed of be used for public purposes subject to the condition that title would revert to the United States if they ceased to be so used. The lands were deeded to the State of North Dakota on July 20, 1955, under authority of the Bankhead-Jones Farm Tenant Act with the reverter clause included in the deed. The full appraised value of the land was paid by the State.

The Lower Heart River Water Conservation and Flood Control District of Morton County, N. Dak., is the present owner of the land having acquired it from the State, paying full appraised value of the land. The district wishes to exchange some of this land for rights-of-way needed for their project and to otherwise dispose of another part of the land. Any such disposal to private owners would result in land not needed by the district being placed on the tax rolls. The reversionary provision, however, prevents the district from carrying out its desired actions. H.R. 10700 would permit removal of the provision so that the desires of the district may be accomplished.

Since the Department, acting for the United States, received payment for the full appraised value of these lands at the time of their sale to the State and has no interest in the future use of these lands in connection with its programs, it

would have no objection to the release of the reversionary provision contained in the deed. This Department, therefore, would have no objection to the enactment of the bill H.R. 10700.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

Mr. JONES. Mr. Short was here a moment ago. Mr. Starr is not here at this time. Accordingly we will proceed to other matters.

(Thereupon at 10:15 a.m., the committee proceeded to further business.)

GRAIN STORAGE RECEIPT REQUIREMENT REPEAL

H.R. 8075

JUNE 6, 1960

GRAIN STORAGE RECEIPT REQUIREMENT REPEAL

MONDAY, JUNE 6, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENTAL OVERSIGHT AND
CONSUMER RELATIONS OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10:10 a.m., pursuant to notice, in room 1310, New House Office Building, Hon. Paul C. Jones (chairman of the subcommittee) presiding.

Present: Representatives Jones and McIntire.

Also present: Christine S. Gallagher, clerk, and John J. Heimburger, counsel.

Mr. JONES (presiding). The subcommittee will come to order. We have before us this morning H.R. 8075 by the chairman of the committee, Mr. Cooley, which is a bill to repeal section 8f of the Agricultural Adjustment Act of 1933 as amended. We also have before us a letter dated March 24, 1959, from the U.S. Department of Agriculture, addressed to the Speaker of the House, the Honorable Sam Rayburn. H.R. 8075 and the letter will be made a part of the record at this point.

(H.R. 8075 and the letter dated March 24, 1959, follow:)

[H.R. 8075, 86th Cong., 1st sess.]

A BILL To repeal section 8f of the Agricultural Adjustment Act of 1933, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8f of the Agricultural Adjustment Act of 1933, as amended (7 U.S.C. 608f), is hereby repealed.

U.S. DEPARTMENT OF AGRICULTURE,
Washington, D.C., March 24, 1959.

Hon. SAM RAYBURN,
Speaker, House of Representatives.

DEAR MR. SPEAKER: Section 8f of the Agricultural Adjustment Act of 1933 (7 U.S.C. 608f) as originally enacted, made it unlawful, subject to a penalty of fine and imprisonment, for public warehousemen storing basic agricultural commodities to deliver such commodities from their warehouses without surrender of the outstanding warehouse receipt.

In 1940 the section was amended to permit, in case of shortage of storage space, the shipment of grain from country public grain warehouses to other warehouses without taking up and canceling warehouse receipts for such grain. This practice was to be regulated with a view to protecting the owners of the grain under such regulations as the Secretary of Agriculture might prescribe. Certain restrictions were also set forth in the act. The prohibition in the original section was retained with respect to all other warehouses.

The prohibition against shipment of commodities from public warehouses while warehouse receipts for such commodities are outstanding is generally in accord with the Uniform Grain Storage and other storage agreements of Com-

modity Credit Corporation, and with the requirements under the United States Warehouse Act and most State warehousing statutes so far as negotiable receipts are concerned but is somewhat more strict with respect to nonnegotiable receipts than the legislation mentioned. The exception, permitting shipment of grain from country public warehouses to other warehouses for storage while receipts are outstanding, is not included in the statutes, or regulations made under the statutes, and agreements mentioned, except for a few States where statutes and regulations permit such shipment.

The problem of administering this section would involve the policing of all country and terminal public grain warehouses to determine whether operations under the exception permitting shipment of grain while receipts are outstanding are being conducted in accordance with the provisions of the section. It would also involve policing all public warehouses storing basic agricultural commodities (other than country public grain warehouses), to determine whether they are violating the prohibition which applies to them. Since there are a very large number of grain and other warehouses (probably 20,000-25,000), the total field is very large and the cost of the program would be substantial.

Moreover, the work that could be done pursuant to section 8f would not diminish the need for warehouse supervision and regulation now exercised by the Federal Government and State governments. Section 8f applies to only one small segment or aspect of warehouse operation. Warehousing statutes generally provide for licensing and bonding of the warehouseman and examination of the facilities. They also regulate as to adequacy of facilities, financial responsibility, and a variety of other important matters. Activity under section 8f would therefore be superimposed on existing administration of warehouse regulations without substituting for or eliminating the need for such regulations.

Since section 8f specifies that it shall not be construed as amending or changing in any manner the U.S. Warehouse Act, no problem is presented in this connection. However, with respect to warehouses not licensed under the U.S. Warehouse Act, the States have jurisdiction. In view of the variance between the provisions of section 8f and State regulatory statutes, the fact that administration of section 8f would not replace the need for continued State supervision, because of the extremely limited scope of section 8f, and the substantial cost of developing regulations under section 8f and then administering them, we believe that the entire section should be repealed. A draft of suggested legislation which would accomplish this purpose is attached.

If a need exists in any locality for provisions such as those contained in section 8f, it would seem appropriate that such provisions be left for adoption by the State involved. Repeal of section 8f would restore jurisdiction in this field to the States with respect to warehouses not licensed under the U.S. Warehouse Act.

The Bureau of the Budget advises that there is no objection to the submission of this proposed legislation.

A similar letter is being sent to the President of the Senate.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

A BILL To repeal section 8f of the Agricultural Adjustment Act of 1933, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That section 8f of the Agricultural Adjustment Act of 1933, as amended (7 U.S.C. 608f), is hereby repealed.

Mr. JONES. Mr. Carl Miller, Chief of the U.S. Warehouse Act Branch, Special Services Division, AMS, together with Mr. Charles W. Bucy, Assistant General Counsel, are present.

Will you gentlemen come forward?

I am informed that this bill came before us as a result of a communication addressed to the Speaker of the House of Representatives, in which the Department requested this legislation.

Just give us a brief résumé of what the bill would do and the purposes and why the Department wants it, Mr. Miller.

Do you have a prepared statement?

Mr. MILLER. I do not have a prepared statement. I do have extra copies of the report from the Department in case that you might want them.

Mr. JONES. You may proceed.

STATEMENT OF CARL MILLER, CHIEF OF THE U.S. WAREHOUSE ACT BRANCH, SPECIAL SERVICES DIVISION, AMS; ACCOMPANIED BY CHARLES W. BUCY, ASSISTANT GENERAL COUNSEL, U.S. DEPARTMENT OF AGRICULTURE

Mr. MILLER. Mr. Chairman and members of the committee, we appreciate this opportunity of meeting with the subcommittee.

Section 8f, I would like to point out, does not apply to public warehouses, licensed and bonded under the U.S. Warehouse Act. It has no influence on the jurisdiction or the administration of the U.S. Warehouse Act.

With respect to public warehouses not so licensed, this section defines the conditions under which basic agriculture products may or may not be removed from a public warehouse without the surrender and cancellation of warehouse receipts representing such products.

The 1933 act contained a provision making it a Federal offense for a public warehouseman storing basic agriculture commodities to deliver such commodities from the warehouse without the surrender of the outstanding receipt.

In 1940 this provision was amended to permit the shipment of grain from public country grain warehouses to other warehouses without surrender and cancellation of the receipt.

Certain conditions and procedures are prescribed for both the shipping and the receiving warehousemen.

Legislative history indicates that the 1940 amendment to section 8f was based largely on the inadequacy of country grain storage at that time. This condition, as you know, has changed materially over the years.

In the past 10 years, grain storage capacity has more than quadrupled to a present total of more than 4 billion bushels. This increase is fairly well distributed throughout the major grain producing areas. Consequently, there is much less need for immediate removal of stored grain from country to terminal points.

Section 8f deals with only one phase of warehouse regulation. It is in conflict with virtually all other warehouse regulatory statutes and regulations.

Activity under section 8f would necessarily be superimposed upon the regulatory efforts of State agencies. This would seem to be undesirable.

Making section 8f fully effective would entail substantial expense to the Department. The Department believes that any remaining local needs for exercise of the relief intended by the 1940 amendment and the blanket prohibition embodied in the original act are matters appropriate for State regulation.

Repeal of section 8f would automatically return jurisdiction to the States except with respect to warehouses licensed under the U.S. Warehouse Act.

That is the conclusion of my statement.

Mr. JONES. Those would be covered under other legislation that you have?

Mr. MILLER. No, not under other Federal regulations, but all warehouses are now regulated in one way or another by the Federal Government or by the State governments. The grain warehouses are, also, supervised by the Commodity Credit Corporation.

Mr. JONES. In the past, as to this section 8f which we are now asked to repeal, has that just been overlooked, or have you not been proceeding under the provisions of that section?

Mr. MILLER. That section does provide for the issuance of regulations by the Secretary. The regulations have not been issued to any greater extent than they are contained in the act itself which does embody some regulatory provisions.

I believe the reason for the nonissuance of regulation has been that throughout the course of the years, there has been no evidence of real need for the incurring of that expense.

Mr. JONES. Not being familiar with the operation, it is a little difficult for me to understand that if you had this regulation, this section in the law, and it has not been utilized for approximately 20 years, and that is the reason you are asking for its repeal, as I understand it—

Mr. MILLER. That is right.

Mr. JONES. That is difficult for me to understand. Do you have any questions, Mr. McIntire?

Mr. MCINTIRE. First let me ask Mr. Miller what is your definition of a country public warehouse?

Mr. MILLER. There is no official definition except as given in this section of the law.

Mr. MCINTIRE. As a farmer eligible to store grain under Commodity Credit loans, in how many different types of warehouses can I store it?

Mr. MILLER. I am sorry, I did not get that.

Mr. MCINTIRE. I say I am a farmer eligible to store grain and to bring it under the Commodity Credit Corporation loan. In how many different types of warehouses—I do not mean whether they are metal or wood, can I store the grain? I can store it on my own farm, I know. That is a privately owned warehouse.

Mr. MILLER. That is correct.

Mr. MCINTIRE. And it will have to be approved by the Commodity Credit Corporation, but where else can I store it?

Mr. MILLER. You can obtain a loan in any grain warehouse which is approved under the Commodity Credit Corporation's program and has signed a uniform grain storage agreement. That includes both country and terminal warehouses.

Mr. MCINTIRE. Presumably, if I store it in somebody else's warehouse, I am going to get something in the way of a warehouse receipt?

Mr. MILLER. That is correct.

Mr. MCINTIRE. Who has jurisdiction over the manner in which that warehouse receipt is transferred or redeemed, and so forth? Is that under State law?

Mr. MILLER. The State law would regulate it.

Mr. MCINTIRE. Does this section superimpose Federal administrative authority over the warehouses that are now under the jurisdiction of State laws?

Mr. MILLER. I believe that is the effect of this.

Mr. McINTIRE. The purpose of this legislation is to remove this overlapping jurisdiction?

Mr. MILLER. That is correct.

Mr. McINTIRE. What kind of administrative responsibility do we find at the State level within the structure of their warehouse law; in other words, would a man with a warehouse receipt be subject to State law?

Mr. MILLER. It varies from State to State—warehouse commissions, railroad commissions, public utility commissions—the States do not all treat it alike.

Mr. McINTIRE. Is it possible that grain owned by the Federal Government could be stored in a State administered warehouse?

Mr. MILLER. If it is owned by the Federal Government, this law would not apply at all, I do not believe.

Mr. McINTIRE. The Federal Government does not own the storage which the farmer may use to put the grain in on a loan basis?

Mr. MILLER. No, sir.

Mr. McINTIRE. How about if they store it in Federal warehouses in which the title is held by the Federal Government?

Mr. MILLER. The Government owns certain grain storage facilities—the Commodity Credit Corporation owns certain facilities.

Mr. McINTIRE. Who has the right to use them?

Mr. MILLER. Only the Government.

Mr. McINTIRE. Only the Government?

Mr. MILLER. Only the Government.

Mr. McINTIRE. And not a farmer putting grain in there?

Mr. MILLER. They are not warehouses for the receipt of grain from the public generally, from producers or for the public generally. I am not referring to federally licensed warehouses.

Mr. McINTIRE. I am not either.

Mr. MILLER. Licensed and bonded under the terms of the U.S. Warehouse Act.

Mr. McINTIRE. But this legislation attempts to remove an overlapping jurisdiction and to clarify it, is that not correct? The issuance by the State where the States has jurisdiction, by the Federal Government where the Federal Government has jurisdiction under the Federal Warehouse Act?

Mr. MILLER. That is correct.

Mr. BUCY. And to eliminate confusion flowing from the fact that in some areas there are conflicts between this legislation and the general pattern of State legislation.

Mr. McINTIRE. I am confused as to the mechanics of clearing the warehouse receipts. How can you clear grain out of the warehouse and not clear the receipt?

Mr. BUCY. It depends upon the kind of receipt. If it is a non-negotiable receipt, under most of your State laws, an authorization by the holder of the receipt, that is, a bona fide authorization, to take part of it out is enough, whereas, the language of this is so broad that it would prohibit that. However, under most State laws, a man who has a nonnegotiable receipt, particularly in the area of dairy products, where you have a large lot of butter in storage and a man wants to take out a small lot of that butter, he can take it out by just

giving the warehouseman a receipt for those small lots, instead of surrendering the receipt for the total overall lot. Whereas under this legislation, it is in direct conflict, and would say that he could not move it or release it without the surrender of that overall non-negotiable receipt.

That is one area of conflict there that we do not think is necessary.

Everyone is protected under the State law. And this puts them in a position where technically, at least, they could be prosecuted under the Federal law.

Mr. JONES. Pardon me, you mentioned dairy products. I thought that this legislation just referred to grain?

Mr. BUCY. The overall legislation, the original legislation applies to all basic commodities.

Mr. JONES. Section 8f applies?

Mr. BUCY. Section 8f includes, or rather, originally did not have this special provision for grain. Then in 1940 they put in this provision with respect to grain, so as to allow grain to move from a country warehouse to a terminal warehouse under the specified conditions which were contained therein, namely, that the receipts as was given had to state the warehouse to whom it might be forwarded and the country man had to get a nonnegotiable receipt from the warehouse he sent it to and had to ship it under a nonnegotiable bill of lading, but that was put in just with respect to grain.

Section 8f applies to all basic commodities which under the 1938 act included dairy products.

Mr. JONES. You say that the last amendment to this act was in 1940?

Mr. BUCY. 1940, correct.

Mr. JONES. What I cannot quite understand, is why during the 20-year period that you now are just coming in here asking for this change. What has happened during these 20 years that the Department did not ask for the change before now?

Mr. MILLER. I can only say that it must involve the decisions on a long line of departmental officials over a period of 20 years.

Mr. JONES. You made a statement to Mr. McIntire a minute ago, and indicated—at least I so interpreted from your statement—that the only place that the farmer or the producer could store his grain was either on the farm or in the warehouse that was operating under a uniform grain storage agreement.

Mr. MILLER. I believe that is correct.

Mr. JONES. Were not the other warehouses that were storing grain, that did not have the uniform grain storage agreement, up until just recently, also recognized as storage facilities for grain placed under loan?

Mr. MILLER. Not for grain placed under loan; no, sir. I do not know of any provision in the Commodity Credit Corporation program that would permit them to make a loan on warehouse-stored grain except that the warehouse has signed the uniform grain storage agreement and comes under the terms of this contract.

Mr. JONES. I will have to refresh my memory. I have had some correspondence within the past few months from elevator operators complaining about the change in regulation.

Mr. McINTIRE. The change in rates.

Mr. JONES. And, also, a change in the making or the moving of the grain from those warehouses that did not have the uniform grain storage agreement and which, in the first place, set up a monopoly in some areas where there was one elevator with a grain storage agreement and then several other elevators that were not operating under that agreement. Was that all Government-owned grain, or grain to which the Government had taken title?

Mr. MILLER. That would be the only grain that they could move; it would be grain which it owned, or to which it has title. If it is loan grain, the title remains with the producer until the maturity of the date of the loan.

Mr. JONES. Mr. Heimburger, do you have some questions?

Mr. McINTIRE. First, if you please, let me ask just one more question. Just what do you mean by nonnegotiable receipts?

Mr. BUCY. Nonnegotiable receipts are made for the individual lot and cannot be transferred to someone, like a negotiable receipt that can be transferred through any number of hands. A nonnegotiable receipt is between the warehouseman and the depositor of the commodity and it is not transferable.

Mr. McINTIRE. What is the general practice in putting grain in under loan?

Mr. BUCY. That is all under negotiable receipts. The loan grain is under negotiable receipts, as I understand it.

Mr. McINTIRE. Most of it?

Mr. BUCY. Yes.

Mr. HEIMBURGER. Just to follow up this line of questioning, Mr. Bucy, why were nonnegotiable receipts issued? I thought that virtually all warehouse receipts were negotiable?

Mr. BUCY. In the grain area, I think that you will find that most of them are negotiable, but I took the example of the dairy product where you run into more of the nonnegotiable receipts, because the commodities are just put in there to take care of their merchandising and not put in there with the idea of getting a loan, either governmental or from a financial institution. They are just using it as their business warehouse, as an inventory holding facility, and, therefore, there is no need for it being negotiable. And if it were, they would not be able to draw out part of it without giving up the receipt because if you transfer it, the man would not know how much was still in there.

Mr. HEIMBURGER. I can see that. As I understand it, we are not talking now about grain under loan, in this statute you are proposing to repeal.

Mr. BUCY. It has no limited application. It applies to all warehouses.

Mr. HEIMBURGER. It is responsibility for policing this in-and-out movement of all basic commodities in all warehouses?

Mr. BUCY. That is right. We have no record, at least we were not able to find any record of anyone filing a complaint with the Department with respect to any violation under this act; in other words, it has been handled through State laws, rather than the Federal law, and the language is more or less a dormant statutory provision, but which has nevertheless placed people in the position where they would be violating or be subject to Federal prosecution.

Mr. HEIMBURGER. This would have no effect at all on the handling of grain under the Commodity Credit Corporation?

Mr. BUCY. None whatever. The storage contract would control that—the uniform contract.

Mr. HEIMBURGER. I think I am beginning to get some idea what this is about. I will admit that up to the last minute or two, I did not have an idea.

Mr. JONES. I hope that you have gotten it, because we will need you to have this information.

Mr. HEIMBURGER. Will one of you, without reference to notes, so as to be talking layman's language, start over again, and just briefly tell us from the beginning why you want this law off the books?

Just tell us in a few sentences, if you can, what the situation is. I am not quite sure that I understand it yet.

Mr. BUCY. I think that the answer is as I stated before, you have a provision on the books which has lain dormant. It has occasionally raised questions with respect to warehousemen as to the possibility of their complying with State laws, and still finding themselves in violation of the Federal law, although the Federal law has never been active in its enforcement, because there has never been any recourse to the Federal Government to enforce it.

Therefore, the industry has been put in this state where they cannot be sure just where they stand in an area where we feel that the State regulatory program, which I understand presently covers this same area in all States, can satisfactorily police the program without placing the warehouseman in this confused state of technically violating Federal law.

Mr. HEIMBURGER. In other words, this law was intended to put the Federal Government in the job of policing the movements of the warehousemen on all basic commodities?

Mr. BUCY. That is right, in a limited area, whereas the States were policing their entire operation.

Mr. HEIMBURGER. And it is a job which the Department, notwithstanding the law, has never undertaken, is that correct?

Mr. BUCY. That is right, because they have never had brought to their attention any instance that would require them to do so, and the expenditure of money which would be involved in a complete policing job of checking every warehouse in the country would be tremendous, and not warranted in the light of the fact of absence of complaints.

Mr. HEIMBURGER. I think that I now understand it.

Mr. JONES. Frankly, before we bring this before the full committee, I think that we should have some statements from people in the trades and possibly from the producers.

That will be all, and we thank you very much, gentlemen.

Mr. MILLER. Thank you.

Mr. BUCY. Thank you.

Mr. JONES. We will now proceed to further business.

(Whereupon, at 10:30 a.m., the committee proceeded to further business.)

HUMANE SLAUGHTER
H.R. 12705, H.R. 12712, AND H.R. 12713

JUNE 22, 1960

HUMANE SLAUGHTER

WEDNESDAY, JUNE 22, 1960

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 1310, New House Office Building, Hon. Harold D. Cooley (chairman) presiding.

Present: Representatives Cooley, Poage, Grant, Gathings, McMillan, Abernethy, Albert, Abbitt, Thompson, Jones (Missouri), Hagen, Johnson of Wisconsin, Bass, Jennings, Matthews, Coad, Breeding, Stubblefield, Hogan, Levering, Hoeven, Dague, Belcher, McIntire, Dixon, Smith of Kansas, Teague of California, Quie, Short, Mrs. May, Pirnie, and Latta.

Also present: Christine S. Gallagher, clerk; Hyde Murray, assistant clerk; and John J. Heimburger, counsel.

The CHAIRMAN. The committee will please be in order.

I call up H.R. 12705, by Mr. Jennings, of Virginia, as well as H.R. 12712 by Mr. Fountain, of North Carolina, and H.R. 12713 by Mr. Hogan.

(H.R. 12705, H.R. 12712, and H.R. 12713 follow:)

[H.R. 12705, 86th Cong., 2d sess.]

A BILL To delay for sixty days in limited cases the applicability of certain provisions of law relating to humane slaughter of livestock

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the first sentence of section 3 of the Act entitled "An Act to establish the use of humane methods of slaughter of livestock as a policy of the United States, and for other purposes", approved August 27, 1958 (7 U.S.C. 1903), during the period from June 30, 1960, to August 30, 1960, any agency or instrumentality of the United States may contract for or procure livestock products produced or processed by a slaughterer or processor which slaughters or handles for slaughter livestock by methods other than those designated and approved by the Secretary of Agriculture if such slaughterer or processor has contracted for the purchase of the equipment necessary to enable him to adopt such methods but such equipment has not been delivered to him. The last sentence of such section shall not apply in the case of such a slaughterer or processor until August 30, 1960.

[H.R. 12712, 86th Cong., 2d sess.]

A BILL To delay for sixty days in limited cases the applicability of certain provisions of law relating to humane slaughter of livestock

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the first sentence of section 3 of the Act entitled "An Act to establish the use of humane methods of slaughter of livestock as a policy of the United States, and for other purposes",

approved August 27, 1958 (7 U.S.C., sec. 1903), during the period from June 30, 1960, to August 30, 1960, any agency or instrumentality of the United States may contract for or procure livestock products produced or processed by a slaughterer or processor which slaughters or handles for slaughter livestock by methods other than those designated and approved by the Secretary of Agriculture if such slaughterer or processor has contracted for the purchase of the equipment necessary to enable him to adopt such methods but such equipment has not been delivered to him. The last sentence of such section shall not apply in the case of such a slaughterer or processor until August 30, 1960.

[H.R. 12713, 86th Cong., 2d sess.]

A BILL To delay for sixty days in limited cases the applicability of certain provisions of law relating to humane slaughter of livestock

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the first sentence of section 3 of the Act entitled "An Act to establish the use of humane methods of slaughter of livestock as a policy of the United States, and for other purposes", approved August 27, 1958 (7 U.S.C., sec. 1903), during the period from June 30, 1960, to August 30, 1960, any agency or instrumentality of the United States may contract for or procure livestock products produced or processed by a slaughterer or processor which slaughters or handles for slaughter livestock by methods other than those designated and approved by the Secretary of Agriculture if such slaughterer or processor has contracted for the purchase of the equipment necessary to enable him to adopt such methods but such equipment has not been delivered to him. The last sentence of such section shall not apply in the case of such a slaughterer or processor until August 30, 1960.

The CHAIRMAN. I recognize Mr. Jennings.

STATEMENT OF HON. W. PAT JENNINGS, A REPRESENTATIVE IN CONGRESS FROM THE NINTH CONGRESSIONAL DISTRICT OF THE STATE OF VIRGINIA

Mr. JENNINGS. Mr. Chairman and members of the committee, this is a bill to delay the applicability of certain provisions of law relating to the humane slaughter of livestock.

It happened that in some few cases in Mississippi, Iowa, Indiana, Virginia, and North Carolina, and I believe in Ohio, the companies ordered proper equipment to comply with this law, but the equipment could not be delivered.

For instance, I hold here in my hand a letter from Valleydale Packers which says that the equipment was ordered from Allbright-Nell Co. and delivery was promised on May 10. Later they revised the delivery date to June 15. And now they state they cannot make delivery until sometime in July.

This bill merely postpones for a period of 60 days the application of the law in the case of companies who have ordered the equipment and have not been able to comply with the law because of not having it.

Mr. Fountain introduced another bill which is identical and Mr. Hogan, of Indiana, also introduced a bill.

And I have had numerous calls from other people. I will be glad to answer any questions.

I might say, Mr. Chairman, that I have talked with the Department concerning this—I have talked with those who are interested in the humane-slaughter bill when it was originally introduced and passed, and I have found no objection to this extension.

Mr. POAGE. I think that is a reasonable request. Frankly, I think that you should on page 2 at the end of the next to the last sentence, add the phrase, "through no fault of its own." As it is, it is left wide open to anybody, who by his own action could deliberately refuse to accept equipment for 60 days. All he has to do is leave it sitting out in the lot and say it has not been delivered. Then he does not have to operate under the law.

I think the words "through no fault of his own" or something of that kind should be inserted. I am not going to oppose the bill, however.

Mr. JENNINGS. It says here that such equipment has not been delivered to him.

Mr. POAGE. I know it has that. But all he has to do is to write the company and say "I do not want it delivered for another 50 days," and of course, and he can be operating legally for those 60 days.

Mr. JENNINGS. I am sure that would not happen.

Mr. POAGE. I am not saying that it would be true in the case of your particular individual, but it has happened and it will happen. It does open the door where it should not be opened.

Mr. JENNINGS. I will be glad to accept any amendment if you have one.

Mr. POAGE. I would like to have you add, "through no fault of his."

Mr. JENNINGS. There is no objection to that.

Mr. POAGE. As it is, it leaves it wide open for the fellow to call up the machinery firm and say, "I do not want it now."

The CHAIRMAN. You suggest that addition on line three?

Mr. POAGE. On line three.

The CHAIRMAN. To add "through no fault of his own?"

Mr. POAGE. Add it right here [indicating].

The CHAIRMAN. To insert the words "through no fault of his own."

Mr. JENNINGS. That is all right with me. Who is going to determine whether the fault is his own or whether it is someone else's?

Mr. POAGE. The Secretary.

Mr. JENNINGS. Maybe we had better put that in then.

Mr. POAGE. The only thing is that I do not want to let him have the right to deliberately write the firm and say, "I do not want delivery for 60 days."

Mr. JENNINGS. The only question I have is maybe they did not order it in some particular situation.

And that addition of "through no fault of their own" would be all encompassing.

The CHAIRMAN. It said on line 12:

By the Secretary of Agriculture if such slaughterer or processor has contracted for the purchase of the equipment necessary to enable him to adopt such methods, but such equipment has not been delivered to him.

Mr. JENNINGS. That is right.

The CHAIRMAN. We thank you.

Next we recognize Mr. Fountain, who also, has a bill. We will be glad to hear from you now.

STATEMENT OF HON. L. H. FOUNTAIN, A REPRESENTATIVE IN CONGRESS FROM THE SECOND CONGRESSIONAL DISTRICT OF THE STATE NORTH CAROLINA

Mr. FOUNTAIN. Mr. Chairman and members of the committee, I simply want to join Mr. Jennings in what he has said. There is a plant in Kinston, N.C., in my congressional district, the Frosty Morn Meats Co. I understand this company has eight plants in five States affected by this bill. They have for many years supplied all branches of the armed services in every Southern State and I understand numerous bases in the East and the Midwest. They have spent substantial sums of money for buildings and equipment to insure their position for continued contractual work with Federal agencies, only to learn as Mr. Jennings has pointed out, that the stunning equipment from the Allbright-Nell Co., of Chicago, would be delayed in delivery.

They were originally told that they would get it on May 10, and then on June 10, and now they are told that it will, probably, be some time in July.

Under the circumstances, I think that it is only simple justice that this extension be granted, because only a few companies will be affected.

The CHAIRMAN. Thank you very much, Mr. Fountain.

We next recognize Mr. Hogan. We will be glad to hear you now.

STATEMENT OF HON. EARL HOGAN, A REPRESENTATIVE IN CONGRESS FROM THE NINTH CONGRESSIONAL DISTRICT OF THE STATE OF INDIANA

Mr. HOGAN. Mr. Chairman and members of the committee, I have one plant in Indiana that is in the same situation as these other plants in other States. So I hope that we report this bill out.

Mr. POAGE. I move that we report the Jennings bill out with the amendment.

The CHAIRMAN. Before we do that, I recognize Mr. Stubblefield.

Mr. STUBBLEFIELD. I have the same situation that the other gentlemen have. I would like to join in their statements.

The CHAIRMAN. Mr. Coad.

Mr. COAD. I have a plant that has a million dollars' worth of equipment that has ordered this. And I am happy to join in endorsement of this.

The CHAIRMAN. Mr. Bass.

Mr. BASS. I have the same situation. And I urgently request the approval of the Jennings bill.

The CHAIRMAN. I recognize Mr. Abernethy.

Mr. ABERNETHY. I have a packing plant in the same situation. I have a telegram that I would like to insert in the record that I received.

The CHAIRMAN. It will be made a part of the record at this point. (The telegram dated June 21, 1960, follows:)

WEST POINT, MISS., June 21, 1960.

Representative THOMAS ABERNETHY,
House of Representatives, Washington, D.C.

Your consideration of H.R. 12705 asking for extension of the Humane-Slaughter Law will be very much appreciated. Many packers are being held up by

delivery delays of suppliers of the equipment specified by the humane law.
Most sincerely,

JOHN BRYAN,
Bryan Bros. Packing Co.

Mr. FOUNTAIN. I would like to have this letter made a part of the record at this point.

The CHAIRMAN. It is so ordered.

(The letter dated June 15, 1960, from Frosty Morn Meats, Kinston, N.C., follows:)

FROSTY MORN MEATS,
Kinston, N.C., June 15, 1960.

Lt. Col. JOHN F. DILLON,
*QMC, Chief, Purchasing Division Headquarters,
Military Subsistence Supply Agency, Chicago, Ill.*

DEAR SIR: The act entitled, "Humane Methods of Livestock Slaughter" title 7, United States Code, sections 1901-1906. Section 1903 of said act concerns itself with Government contracts and is as follows:

"SEC. 1903. The public policy declared in this chapter shall be taken into consideration by all agencies of the Federal Government in connection with all procurement and price support programs and operations and after June 30, 1960, no agency or instrumentality of the United States shall contract for or procure any livestock products produced or processed by any slaughterer or processor which in any of its plants or in any plants of any slaughterer or processor with which it is affiliated slaughters or handles in connection with and approved by the Secretary of Agriculture pursuant to section 1904 of this title: etc."

Section 1903 will definitely have effect on our organization which operates eight plants in five States and has for many years supplied all branches of the armed forces in every southern State and numerous bases in the East and Midwest. By this admission, it is clearly understood why our organization is concerned by the act entitled "Humane Methods of Livestock Slaughter."

We have spent thousands of dollars for buildings and equipment to insure our position for continued contractual work with Federal agencies, only to learn that stunning equipment from Allbright-Nell Co., Chicago, Ill., will be delayed. This stunning equipment, as you well know, is deemed necessary for compliance with humane slaughtering.

Originally, Allbright-Nell Co. gave a shipping date for the stunning equipment for May 10, 1960. Just recently, we learned that delivery will not be made until sometime in July. We strongly request for a delay of the effective date of the act.

Thanking you for your full consideration in advance, we remain
Yours very truly,

LORENZ NEUHOFF III, *General Manager.*

The CHAIRMAN. The Chair recognizes Mr. Levering.

Mr. LEVERING. I would like to say that there are others in the State of Ohio in the same situation. And I urge the adoption of the legislation.

The CHAIRMAN. The Chair recognizes Mr. Matthews.

Mr. MATTHEWS. I have a plant in the similar situation and I am, also, sponsoring this.

Mr. POAGE. I move that we report the Jennings bill out with the amendment.

The CHAIRMAN. All in favor will say "Aye"; opposed "No." The bill is reported.

We will now proceed to other business.

(Whereupon, at 10 a.m. the committee proceeded to other business.)

GREAT PLAINS AND CONSERVATION RESERVE
PROGRAMS

H.R. 12182, H.R. 12184, AND H.R. 12201

JUNE 24, 1960

GREAT PLAINS AND CONSERVATION RESERVE PROGRAMS

JUNE 24, 1960

HOUSE OF REPRESENTATIVES,
SPECIAL ACTION SUBCOMMITTEE ON CONSERVATION
AND CREDIT OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m. in room 1308, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Johnson of Wisconsin, Breeding, Stubblefield, McIntire, and Short.

Also present: Hyde H. Murray, assistant clerk.

Mr. POAGE. The subcommittee will come to order.

Is there any Member of Congress here who wants to present his case? Apparently there is none.

You represent Mr. McGinley?

Mr. KELLEY. Yes; I do. Mr. McGinley has introduced a bill.

Mr. POAGE. I think I know what Mr. McGinley's bill is about, the Great Plains?

Mr. KELLEY. No; it is not the Great Plains. Yours is about the Great Plains and ours deals with the soil bank—it deals, however, with the same principle.

Mr. POAGE. We will take up the watersheds projects first. We will later get to your bill.

Is there anybody present who wants to be heard on a watershed project, the representative of any Congressman?

Apparently there is not.

The representatives of the Department are here. Do you have any new projects to present to us today?

Mr. YOUNG. None today.

Mr. POAGE. We had hoped that we might get some new projects before we wound this thing up, but there do not seem to be any new ones.

Do you think that they will get up here next week?

Mr. YOUNG. I am not sure. We have not checked with the Bureau of the Budget the last few days to see if there is anything coming up or not.

Mr. POAGE. Congressman Winstead has come in. I know that he wants to be heard on his project. We will proceed to hear Congressman Winstead.

**STATEMENT OF HON. ARTHUR WINSTEAD, A REPRESENTATIVE
IN CONGRESS FROM THE FIFTH CONGRESSIONAL DISTRICT OF
THE STATE OF MISSISSIPPI**

Mr. WINSTEAD. Mr. Chairman, and members of the committee, I appreciate this opportunity to appear before you today in reference to the project that I have which concerns Persimmon and Burnt Cork Creek in my State.

Mr. Thompson, who is chairman of the Water Board Commission of the State of Mississippi and vice chairman of another commission relating to 13 States is here with me. He knows this thing from start to finish. We have a very important project.

I appreciate what you are trying to do, Mr. Chairman, and I think that you are to be complimented upon your efforts. We believe that we have a problem that is justified. And, Mr. Chairman, I should like to have Mr. Thompson present our case.

Mr. POAGE. We will be delighted to hear from Mr. Thompson. May I say to you that this committee does not want to turn down anybody's project, but we simply cannot approve projects—at least we do not feel that we should approve projects that will cost the U.S. Government more money than the land is shown to be worth, after it is improved.

So we will be very glad to have you discuss the project. We want you to understand that the committee has taken no adverse action. We will simply have to be shown before we take a favorable action.

**STATEMENT OF SAM A. THOMPSON, CHAIRMAN, MISSISSIPPI STATE
BOARD OF WATER COMMISSIONERS AND VICE CHAIRMAN OF
THIRTEEN STATES SOUTHERN WATER CONFERENCE**

Mr. THOMPSON. Thank you, Mr. Chairman.

This particular project in Mississippi is of very great importance. We have been interested in getting the watershed project to provide water that can be utilized in the development of our commerce in the State.

As you know, Mississippi is an agricultural State. We are particularly interested in these water projects for the preservation of our soil and water and its proper usage.

This particular watershed consists of some 33,000 acres. It has a proposed 2,018 miles of channel improvement. I saw the letter about which concern was expressed and it took quite a biased point of view.

The 2,516 of these 33,000 acres are in the lower flood plain, within the watershed, and to apply the structural cost to those 2,516 acres, we would come to a cost of \$230 per acre.

In another paragraph it was pointed out that that 7,525 acres were in the total flood plain that is flooded annually. This would protect all of these acres except 1,854; 5,671 is protected primarily; using those figures, this cost of \$230 an acre would come down to \$92. So the cost per acre drops down to about 40 percent of what the figures were that you saw.

Mr. POAGE. Let us understand, Mr. Thompson, first, I can envision that there are two creeks there.

Mr. THOMPSON. Yes.

Mr. POAGE. Normally you have a stream down here [indicating] and you have a bottom on each side of it.

Mr. THOMPSON. Yes, sir.

Mr. POAGE. That may be flooded and would make it impractical to carry on agricultural activities there if it is.

Mr. THOMPSON. That is right.

Mr. POAGE. I understand that if you put the structures and impound the water higher up, and also build channel improvements such as to straighten out the creek, and by putting up some levees, that you can protect that land from the overflow?

Mr. THOMPSON. Yes.

Mr. POAGE. That was some 2,010-odd acres; is it not?

Mr. THOMPSON. That is in the lower part of it.

Mr. POAGE. You will, of course, have an upper area which the larger floods will not reach. You can farm, and are farming that now? You may get a flood one in every 2 or 3 years, but the chances of making a crop on it are good enough, so that you are willing to gamble?

Mr. THOMPSON. We will gamble on those acres.

Mr. POAGE. Those are the acres that you are talking about which make up the 6,000 acres; is that right?

Mr. THOMPSON. Yes.

Mr. POAGE. You figure that this land will be flooded once in every 2 or 3 years?

Mr. THOMPSON. Maybe not. It would, at least, delay the planting of the crop or might injure the crop when planted. If they flood 2 years in succession, a man would lose his farm because of that; and this would amount to about \$200 annual production loss per acre in this county.

Mr. POAGE. I do not find fault with your general idea, but I think that the figures would not go quite that high, because you would not lose it every year. If you lost it every year, you would not plant it.

Mr. THOMPSON. It would be one year out of every 3 or 4 or 5 years that you would lose it.

Mr. POAGE. That is correct.

Mr. STUBBLEFIELD. What is the estimated value of the land; I do not mean the bottom land.

Mr. THOMPSON. The total acreage involved?

Mr. STUBBLEFIELD. Yes.

Mr. THOMPSON. There are some 40 farms, I believe, which have lands in the flood plain and also extend up into the hill areas. This takes into consideration about three-fourths of the total land area involved in the watershed. The value of those farms without this is about \$125 an acre.

Mr. STUBBLEFIELD. The bottom-land yield?

Mr. THOMPSON. The estimated value is \$175 an acre. This is in the flood plain area. This is in the total acreage involved. There are considerable other benefits to be attributed to this.

I brought along with me, if you would like to look at them some pictures that show the total picture. It will take but just a minute to look at those.

Mr. JOHNSON of Wisconsin. Are there any roads involved by these floods which will be protected?

Mr. THOMPSON. I believe the average damage to the roads and bridges is about \$400,000 a year, within the area, and this would be eliminated and would figure in the cost benefit ratio.

Mr. JOHNSON of Wisconsin. They should not be charged up to the per acre figures for land. I know there are some extra benefits here.

Mr. THOMPSON. That is right.

Mr. JOHNSON of Wisconsin. That the communities are getting out of by fixing this up.

Mr. THOMPSON. Yes.

Mr. JOHNSON of Wisconsin. I was not here the other day. I had another hearing going on at the same time. Did you consider what the road damages would be?

Mr. POAGE. We considered everything.

Mr. THOMPSON. The cost-benefit ratio is 2.3 to 1 which is extremely high, when you consider the total benefits as compared to the cost. This is within the 50-year period on which all of these are amortized.

Mr. POAGE. As a representative of a large group interested in conservation and not simply speaking of this project, we are faced with the same thing in the plain areas. How far do you think we ought to go—how far do you think that we can afford to go in the way of spending money on these projects—how much per acre can we spend? I know that the cost per acre cannot be the whole determining factor, but how much can you spend?

Mr. WINSTEAD. Mr. Thompson, the chairman of the Thirteen Southern States Conference, is an authority on this subject.

Mr. POAGE. That is why I am asking him. I am not asking about this particular project.

Mr. THOMPSON. You have gone into a tremendous field. I am the vice chairman of the interstate conference on water problems and the Council of State Governments, and have the pleasure of serving with Bob Dixon from your State.

When I was through your State this past year, I recognized the value of water to you people in Texas. And the pressure that will be put on soil resources in the future, if we double our population and triple our use of water, will be tremendous.

I would say this, that this is a thing of relative values as to the benefit-cost ratios that will be narrower in the future.

Mr. POAGE. I am not thinking of that because we recognize in this particular project as you point out—the committee realizes it has a high benefit ratio, higher than the average. We know that. Some of those have a larger cost than this and still have a high benefit-cost ratio.

As a broad proposition, can we spend more money per acre to protect an acre from flood than that acre will be worth after we get it protected?

Mr. THOMPSON. I think that you can afford to spend as much per acre now as you will have to spend in the future, because of the population increase and these things that I have referred to.

Mr. POAGE. That is all very true. But the price of farm products may go up sometime in the future, but they are not up high enough now to enable the people to buy the land and pay the price.

Mr. JOHNSON of Wisconsin. Is that not relative?

Mr. POAGE. Of course it is.

Mr. JOHNSON of Wisconsin. You cannot afford to spend as much per acre for low-grade soil as if you had fine-grade soil.

Mr. WINSTEAD. This concerns some 2,000-odd acres when you get down to brass tacks, and let us not confuse this with other issues.

Mr. POAGE. I do not want to prejudge your project but we are having so much difficulty here getting a proper measuring stick.

Do you think it is a sound business, let us say, to spend \$400 on every benefited acre, when the land will not sell for more than about \$200 an acre when you get it benefited?

Mr. THOMPSON. That is entirely true.

Mr. POAGE. I say, do you think that that is sound business?

Mr. THOMPSON. When you take it across the board; no, sir. Let me give you an illustration.

Yesterday I was on the telephone three times on this particular proposition. We are having a drought in south Mississippi in the vegetable-producing area. We have a vegetable producer down there who has irrigated one-fifteenth of an acres in tomatoes, off of which he has already sold \$1,000 worth of tomatoes.

He has additional acreage that is being irrigated with sprinklers. And I would say that this land will be worth \$1,000.

There are other farmers in that area who are not carrying out this type of cultural practice. We will have a total crop failure, so far as tomatoes and string beans are concerned.

Mr. POAGE. This is a practice which an individual can carry out in some places.

Mr. THOMPSON. When you come to other advantages, you can see that this is the plan——

Mr. POAGE. Let us confine it to this. We are talking about expenditures of Government funds. I think that we can all agree that that man down in Mississippi who could mulch his land is an individual who has no occasion for the Government coming in there and doing it for him.

Mr. THOMPSON. That is true.

Mr. POAGE. The reason the Government comes in here on Burnt Cork Creek—the justification in my mind for the Government coming in and doing any work is that there is no one individual on that creek who can carry out these practices, no matter what amount is spent. There is no individual who can control these resources. No individual owns the whole thing. No one can control the whole of it. It requires Governmental action to get these benefits.

Mr. THOMPSON. That is entirely true.

Mr. POAGE. I do not think that it would be fair to compare whether it is a good investment for this individual to spend \$1,000 an acre on his land down there with this. It may be desirable to him if he wants to do so. And if he does not, let him suffer the consequences.

In this particular case, no individual can control this. The Government can.

Mr. THOMPSON. Yes. The point that I wanted to make, Mr. Poage, was that if this individual I referred to lived in this watershed, he could not carry on these practices and make this type of money because he would be gambling with the floods.

This watershed program could enhance the value of that land tremendously as the need for this type of production comes into being.

And so, again, this becomes a relative matter where you cannot draw a straight line and say that it has or does not have certain values to it.

Mr. POAGE. We would like to get someone to draw that line for us so that we will not be criticized for saying that we approved this project because we liked the color of this fellow's hair and we turned this one down because we did not like the shape of his shoes.

Mr. THOMPSON. Let me say this, this county is one of the counties that has the highest average of cotton production per acre in the State.

Mr. POAGE. That affects the cost-benefit ratio?

Mr. THOMPSON. If this were in another State where the production is not as good, I would say that maybe \$150 on this basis would be too high. In this case this land value is high.

If the water were available for irrigation in western Texas that land might be worth \$500 an acre, whereas without water it is not worth \$100 an acre.

Mr. POAGE. In West Texas you say that it might be worth \$500 an acre? Would you say that we would ever be justified in spending \$1,000 an acre to put water on that kind of land?

Mr. THOMPSON. No.

Mr. POAGE. That is the point that I am getting at, it is the relationship between the expenditure and what you have got after you get through with it.

I think that the committee will agree that if we get a good relationship between the two, after you have made the investment, that we will want to make the investment, but if, after you have made your investment you find that you have spent more money than you can sell the project for, it seems to me then that it is an unsound proposition.

Mr. THOMPSON. In order to get this relative value that I am trying to present, this is reflected in the cost-benefit ratio. Although I could not put a dollar value on it as to what would be spent, I would say that a 1.5 benefit-cost ratio would, certainly, be worth considering. And I think under the circumstances that the cost-benefit ratio——

Mr. POAGE. We approved some that had a cost-benefit ratio of less than that. But do you not agree that it is a sound policy that when we find that the benefit per acre is going to exceed the value of the property after we have made the improvement?

Mr. JOHNSON of Wisconsin. I think that you have got to make certain exceptions.

Mr. POAGE. We made them in your case.

Mr. JOHNSON of Wisconsin. You have not approved any for me.

Mr. POAGE. We did for the State of Wisconsin.

Mr. THOMPSON. I think as to the merits in this, to segregate a certain portion of the watershed from the rest of it, is impossible when you take the total benefits into consideration.

Mr. POAGE. The man up here above this reservoir—above the highest reservoir and the highest protected area, what does he get out of it?

Mr. THOMPSON. He gets a number of things, a number of things out of it. First, these local people have to put up the cost sharing, either in land treatment or in money.

Mr. POAGE. What does he get?

Mr. THOMPSON. He has a contract to do this, and in the doing of it he puts into effect certain practices on his land and that is more than enough remuneration for this. May I illustrate with the pictures?

Mr. POAGE. Certainly. You do not gain anything by that. If I am above the lake, and I put those practices in to effect, I can put them into effect with or without the lake. The lake does not add one iota as to whether I strip crop it or put it in alfalfa. I can do that with or without the lake—with or without the levees, if I am above all of them.

The man below, of course, to him it makes a tremendous difference. Please do not get the idea that I am opposed to these things. I have been for them a long time. I want to make them a success, but we want them to be on a sound basis; we do not want to have to answer for a program that the public can criticize like they have some of the programs that the Congress has approved.

Mr. THOMPSON. I agree 100 percent with what you have said. I do not think that the Congress ought to do anything like that, where the cost is considerably in excess of the benefits that will be derived.

Mr. POAGE. You can figure out the cost-benefit ratio and show that it is a good ratio, and at the same time find that you are spending more money on the land than the land could sell for when you had finished the project.

Mr. THOMPSON. You can do that when you segregate it down to one little parcel or one portion of the land. What I am trying to say to you is that the benefits do not apply just to that little bit of land. They can go further than that.

Mr. POAGE. The benefits, certainly, do not go above the highest structure.

Mr. THOMPSON. In a watershed program, they do.

Mr. POAGE. I have some land that is above a high structure. If you can convince me that I am getting a great benefit from somebody building a dam below on the creek, it will relieve my feelings a whole lot.

Mr. JOHNSON of Wisconsin. It may raise your water level.

Mr. THOMPSON. This may convince you of that by this illustration.

Mr. WINSTEAD. You are talking about general things now.

Mr. POAGE. We are not talking about your project, correct.

Mr. WINSTEAD. As I said, Mr. Thompson is very well versed on this subject. I see what you are trying to do and I agree with you in what you are trying to do. I think that he can add some light to this that will apply to all of the projects.

Mr. THOMPSON. I should like to present and have you view these pictures.

Mr. POAGE. Very well.

(Discussion off the record and viewing of pictures.)

Mr. POAGE. We only have a few minutes remaining and we still have other projects.

Were there any further matters to bring up in regard to Burnt Cork and Persimmon Creeks?

Mr. WINSTEAD. Mr. Thompson is the man who is the expert on all of these things. But let me get to my project, which is the \$92 matter.

Mr. THOMPSON. There are 33,000 acres in this project from the headwaters to the point where it stops. You have seen here some of the benefits that accrue above the dam, as well as those that accrue below it from these pictures. They could do those things without the watershed program, but the situation is that they have not.

By approving this watershed, they will have to, because we have contracted to do this. And the whole 33,000 acres would be benefited, not just the acres in the flood plain with these four structures.

Mr. POAGE. I think that every farm that goes into the soil conservation program is benefited by it. I am sold on the soil conservation work. But I cannot quite figure out how this land way up above the structures is benefited by the structures. It is benefited by the soil conservation work, there is not any question about that. The soil conservation work does benefit the runoff down there. I know that the terracing of those hills up there, putting that pine back where those gullies develop, tends to slow down that runoff and tends to benefit the man in the flood plain.

I understand full well how this benefits the man in the flood plain, but what I am talking about is how does it benefit the man on the hill?

Mr. THOMPSON. You use the flood plain as the lever to get the man on the hill to do what he should have been doing all the time.

Mr. POAGE. There is the question of how much the Government ought to pay the man on the hill to do what he ought to do.

Mr. THOMPSON. You pay him now and you will not pay him any more outside of this, but you provide the incentive and you get him to contract to do that, which he should have done.

We know that to use fertilizer pays off, but all farmers do not use the same amount. Until you get him to use it, however, you do not get any benefits.

This downstream work will cause this man to do this work upstream. And so I think the incentive is worth something on the other acres back there. And it all ought not to be charged to the small number of acres that are down here.

Mr. POAGE. How much do you think we ought to value it?

Mr. THOMPSON. In this particular instance I would not hesitate at all to say that is worth the \$200 that the corps put in. Our figures indicate that that \$92 is a more reasonable figure on those segregated acres.

I would say to you that I do not think that it will cost \$50 an acre on the acres that are benefited with the figures we have.

Mr. JOHNSON of Wisconsin. I think that you have to do one thing. You should deduct benefits from the roads and the railway tracks and so forth, from the total amount of money.

Mr. POAGE. I agree with you.

Mr. JOHNSON of Wisconsin. When a \$100,000 road is washed out every year, the State has to build it up again. Therefore, these costs should be deducted before because when you start dividing the

benefit by acres the whole community benefits and it cannot be figured against the land.

Mr. THOMPSON. I think that charging the cost of these few acres is sort of like charging all of the money that is appropriated for the Department of Agriculture to the farmer, when part of it goes to foreign aid and part of it goes to welfare and other things. What we have done here is take everything and charge it to one part.

Mr. POAGE. I do not want to hasten this thing, but I know that we have to take up these other matters.

Mr. WINSTEAD. If I may say this, the record here shows that we have 7,525 acres, and 1,800 acres that would not be benefited. It shows a \$92 cost for the whole thing.

I want to say this to you, I do not think that you are hindering our cause—I think you are helping our cause. You want to know whether or not we can justify what we are doing. I think that we have submitted to you information that will justify what we are trying to do.

We are right in the closing of the present session. And I hope that we will not be held up on this, because I think by doing so you will be doing a good service to this cause. I know that you want to be fair-minded about it.

If you will take this report, on page 26, you will find that it justifies everything.

I appreciate Mr. Thompson coming here because he is an expert on this whole problem. And all he has been talking about does not necessarily pertain to my project.

Mr. THOMPSON. That is true.

Mr. WINSTEAD. I appreciate your giving us an opportunity to be heard.

Mr. POAGE. We thank you.

Mr. THOMPSON. I appreciate your allowing me to come over and talk to you.

Mr. WINSTEAD. Thank you, Mr. Chairman.

Mr. POAGE. Do we have anyone now in the room representing any other project?

Is there anyone further to appear on a watershed project before we go into the bills?

Mr. JOHNSON of Wisconsin. How many projects are up before us this morning?

Mr. POAGE. Whatever anybody wants to have considered is before us—anybody who wants a chance to disagree or present any additional evidence. Anybody who wanted a chance to be heard further, we wanted to give them that opportunity this morning.

We have tried to find out if anybody was interested. Some of them said that they wanted to be heard. We were trying to give them that opportunity.

Mr. Stubblefield is calling Senator Cooper, who desired to appear. He told me personally that he wanted to come over here and talk about a project. We have approved two in Mr. Stubblefield's district.

Mr. JOHNSON of Wisconsin. I thought that there was one that was not approved.

Mr. POAGE. We did not act on one in Mr. Natcher's district.

Senator Cooper is here now. We will be delighted to hear from you now.

**STATEMENT OF HON. JOHN SHERMAN COOPER, A U.S. SENATOR
FROM THE STATE OF KENTUCKY**

Senator COOPER. Chairman Poage and members of the committee, I want to thank you for your courtesy in permitting me to come here and testify. I do not know whether it is necessary or not. I see that Congressman Stubblefield is a member of this committee, and I know that he understands our Kentucky watershed problems very well.

I have a prepared statement which I will read, and then I will make some further statements.

Mr. Chairman, I appreciate very much the opportunity to present to the Conservation and Credit Subcommittee of the House Committee on Agriculture this statement in support of, and urging the committee's approval of, the work plans for the Marsh Creek watershed in McCreary County, and for the Caney Creek watershed in Ohio, Grayson and Butler Counties, Ky.

I know this committee has given its steady support to the watershed program, and I am particularly glad to be serving on both the committees which approve these work plans on the other side of the Capitol. I believe the Senate Committee on Public Works has approved 11 of the larger watersheds this year, and the Senate Committee on Agriculture has approved 28 watershed work plans so far in this session.

I realize that Members of the House of Representatives and its committees are often able to give more thorough study to these matters than we sometimes seem to be able to do in the Senate, and I am sure that it has been helpful for this committee to hear testimony on the projects to be approved.

I may say that I have been concerned about the level of appropriations for the entire watersheds program, which is a relatively new program, and that I initiated inquiries in the Senate Committee on Agriculture which show, I think, the need to increase the appropriation over the next 3 years to a level of at least \$100 million annually. I testified before Senator Russell's appropriations subcommittee on this question, and while some additional funds were provided this year, I believe the small watersheds program still offers a better opportunity for the constructive use of additional funds than almost any other rural program. I mention this need, for which I hope to continue to work next year, so that the committee may know of my interest in the entire watershed program.

I appear today particularly in support of the Marsh Creek watershed project covering 22,000 acres in McCreary County, just south of my own county of Pulaski. I know the people and the problems of the area, which I have known well since my terms there as county judge. My father and my grandfather also served as county judges of Pulaski County, when it included what is now McCreary County.

Driving south from Somerset on U.S. 27, the Marsh Creek watershed lies to the left of the road between Pine Knot and the Tennessee line, a distance of about 4½ miles, and extends eastward to Hollyhill. So it is about 7 miles across, and 8 miles deep, dipping into Tennessee, on the private land in the middle of the Cumberland National Forest. While it is true that about half of the area is wooded, and better timber management could help, these farmers cannot afford to do what is needed on the uplands because the parts of their farms which provide their main cash income cannot now be intensively developed.

The problem lies in the narrow bottoms along Marsh Creek and the six creeks running into it. Flooding and swamping of these bottoms has been getting worse each year as the channels clog with silt and gravel—so much so that some farmers, discouraged by the repeated loss of their corn and hay crops, have let the land go to scrub. But protected from flooding, these creek bottoms will be put into specialty truck crops—tomatoes, snap beans, and strawberries.

The University of Kentucky has been working to bring about this better opportunity for several years—for these high-income crops would come to market in the gap between the fresh garden produce from States to the south, and farther north. Kentucky farmers know how to handle specialty crops, as they have shown with tobacco, and we have the labor needed. The Cumberland Cooperative at Somerset, for example, is already shipping truck to seven States, from Missouri to Michigan.

I have mentioned the damage from flooding, not only in spoiling the existing farm economy but in preventing the logical agricultural development of the area. Twenty-one small earth dams would be built below the strip mine spoil banks. These, with the conservation measures which are also a local responsibility, will keep the soil in McCreary County, where it belongs, and keep 21,000 tons of silt a year out of Cumberland Lake above Wolf Creek Dam—which cost \$80 million. Eight miles of channel improvements, the two concrete drop spillways on Marsh Creek, and the earth fill dams on Murphy Creek and Perkins Creek each about 40 feet high, complete the main flood-control measures.

I know the committee has asked about the cost of this project. The question arises from a comment by the Corps of Engineers, which was properly asked whether this project conflicts with its existing projects or plans. While the corps did not report on reducing the siltation behind Wolf Creek Dam, and said there was no conflict, it did divide the entire cost of the watershed project by the part of the rich but narrow bottom acreage expected to go into high-income truck crops—and computed a figure per acre which I would consider rather artificial to overall watershed development. The U.S. Department of Agriculture replied that twice that amount of floodplain is involved, that an area greater than the floodplain would also shift to more fruitful agricultural production, and that many other benefits would accrue.

It is true that the bottomland represents a relatively small but important part of the farms along the creeks. I know members of the committee have been furnished supplementary information by the Department of Agriculture showing the increase in land value for the farms along the creeks which could add some specialty acreage to their present operation, and showing a cost per acre of \$181 if the cost is assigned only to these farms, disregarding the increase in value for the hill farms. And I realize the committee has already discussed the different types of land and farming involved, within this project and for other projects. So I will make my argument on a different basis:

We know that the benefit-cost ratio for the Marsh Creek watershed is 1.7 to 1. I do not think that has been questioned. This is a very good ratio. I think it is better than for most watershed projects. In the Committee on Public Works I know we have approved Corps

of Engineer projects having benefit-cost ratios scarcely more than 1 to 1.

If this benefit-cost ratio of 1.7 to 1 is accepted, the project is without question worthwhile. For however the cost is distributed among the 22,980 acres within the watershed, the benefits should be assigned in the same way. If the method of the Corps of Engineers is used, the benefits per acre would be very high on those selected acres—certainly higher than the cost. If one of the methods suggested by the Soil Conservation Service is used, the benefits per acre would be modest over the larger area—but still 170 percent of the cost.

I hope the Conservation Subcommittee, and the full House Committee on Agriculture, will approve the Marsh Creek watershed work plan on the basis of its cost-benefit ratio, and the contribution it can make to the people of the area and the agricultural economy of its region.

I may say that Mr. W. O. Gilreath, the chairman of the McCreary County Soil Conservation District, which is the local sponsoring agency, is one of the State's most outstanding farmers and a man who holds my respect. He has experience in farm programs. If he says the plan will work, I am confident that it will. Incidentally, while it has no measurable value, controlling the flow on Marsh Creek should help to make Cumberland Falls, a few miles downstream, a prettier sight.

I wish to speak also on behalf of the Caney Creek watershed, in Ohio, Grayson and Butler counties. But I know others have already done so, and I trust the committee will understand my having given particular attention to the projects near my own home.

As stated in my paper, there are two watershed projects in Kentucky which I understand are being considered by the committee. One is Caney Creek and the other is Marsh Creek.

Of course, I favor the approval of both, but I will speak to you briefly about the Marsh Creek project.

I know this area. My own home is in Pulaski County. It is the county just north of McCreary County where the major part of the Marsh Creek watershed development lies. In fact, McCreary County was once part of Pulaski County.

It happened that my grandfather and my father and my uncle served as judges at a time when McCreary County was part of Pulaski County. And I also served as county judge but after McCreary County had been created. As I say, I know this area. I have seen it. I have been in the area.

I know that you have all of the technical details before you. I know that the State Department of Conservation, of course, has approved the Marsh Creek watershed project. It has been approved by the Soil Conservation Service. Other agencies of the Federal Government have not interposed any objection to it, I understand. The Senate Committee on Agriculture, of which I am a member, has approved it.

I want to compliment Congressman Poage and the members of the committee on the fact that you are holding hearings on these projects. I think it is a good thing. I appreciate your desire to study these projects.

I have read the earlier testimony and I notice that questions were raised about the project cost per acre considering the land which would be most directly benefited by the development of this water-

shed. I would only comment that if the position of the Corps of Engineers were followed, of course it would appear that there are some 467 acres that would be intensively developed, and that if the total cost were applied only to this land it would amount to \$1,500 per acre. But I think that you cannot farm just one part of a farm—the total acreage of the farm which would be affected must be taken into account. Just to take the benefitted flood plain itself, there are some 948 acres in it. The estimated cost then, on the basis of 948 acres, would be reduced to about \$750 per acre.

If you go farther and take the total acreage of the farms that lie in the watershed, there would be some 3,380 acres. And on that basis the cost would be \$181 per acre. Those are all figures.

What I have to say is that I understand that the criteria up to this time has been the cost-benefit ratio. This project has a rather low cost-benefit ratio of 1 to 1.7. Whatever the cost per acre may be, the benefits are 170 percent of that cost. And so I think upon that basis, there is good justification for approval of this watershed.

I would like to tell you about another question that I think is raised in connection with this watershed.

I know that in flat country and on good farmland where a larger acreage can be improved, it is much easier to develop a better picture for the watershed. That is natural. But if approval of watershed should be limited only to that type of land, I think that we would then be removing the possibility of improving large areas in other parts of the country. It is quite difficult to get approval for a watershed in hilly, rough country, where the cultivated acreage is limited. I find this particularly true in Kentucky. We have quite a large number of watershed applications in Kentucky, but not one approved project is located in the eastern section of Kentucky where, as much as anyplace, there is great need for conservation and for agricultural development.

I believe that the Department of Conservation and the University of Kentucky have given much study to this project with a view toward seeing what can be done in the poorer areas and the eastern areas of Kentucky.

McCreary County, I would say, is the poorest county in Kentucky. I think that its per capita income is about \$572. It is a mining and lumbering county, both of which have been greatly reduced.

There is a desire upon the part of the University of Kentucky through its extension service, and the State government, I will say, that we do something about helping eastern Kentucky.

I know that you gentlemen want to base your judgment upon the factors upon which it has to be approved or disapproved. I believe the benefit-cost ratio is 1.7 to 1. I say that if it is approved it will have a much larger result than just those benefits to that particular area. It is important to those people.

I think that it will serve as a pilot project and a demonstration which would be of tremendous value to all of the eastern part of Kentucky.

I do not want to exaggerate, but I will say that the people in many sections of eastern Kentucky are pretty much discouraged when they see these developments in other sections of Kentucky, and by reason of the topography of that part of the State, it has been very difficult to secure watershed approvals in eastern Kentucky.

As I have said, I think the Marsh Creek watershed project could serve as a pilot project and a demonstration project for a much larger area.

For these reasons I myself earnestly urge your approval. I only argue for it upon the basis of facts and not from any personal view.

I would like to submit these two documents for the record.

Mr. POAGE. They may be incorporated into the record.

(The document dated June 17, 1960 entitled 'Supplemental information Marsh Creek watershed work plan Kentucky' and a tabulation follow:)

JUNE 17, 1960.

SUPPLEMENTARY INFORMATION

MARSH CREEK WATERSHED WORK PLAN

KENTUCKY

1. Thirty-one farms in the watershed have a combination of flood plain and upland. The total acreage in these farms is 3,840 acres of which flood-plain land is about 948 acres or 25 percent. Agricultural benefits resulting from the flood prevention structural measures will be reflected in the entire acreage of these farms because flood-plain land is not bought and sold or used and managed separately from upland in this watershed. The alleviation of the flood hazard will enable farmers to adjust the use and management of complete farm units so that the value of the entire farm will be increased.

2. The flood prevention cost assignable to agricultural benefits if spread to the total acreage of the 31 farms amounts to \$181. However, only part of this cost is properly chargeable to land. The larger share of the benefits accrues to management, labor, and capital applied to the land. On the basis of a one-fourth-to-three-fourths crop-share rental, the cost properly assignable to land is only about \$45 per acre.

3. The present average sale price of farms consisting of both flood plain and upland is about \$68 per acre. Flood-plain land is valued at \$120 per acre and upland at \$50 per acre.

4. With the project improvements, it is estimated that the average sale price of farms consisting of both flood plain and upland will increase to about \$513 per acre. The increase of \$445 per acre compares with the \$45 cost properly assignable to land, a ratio of more than 9 to 1. Flood-plain land would be valued at an estimated \$1,300 per acre and upland at an estimated \$250 per acre with the project. Estimates made by the Extension Service of the University of Kentucky indicate that flood-plain land values may reach \$2,000 per acre.

5. The present average sale price of farms consisting entirely of upland is about \$30 per acre. With the project, this value would increase to an estimated \$60 per acre.

6. The sediment load of Marsh Creek will be reduced by 21,000 tons per year. This will reduce the sedimentation rate and thereby prolong the life of Lake Cumberland, a \$79 million flood control and hydroelectric project located 25 miles downstream.

Names of 29 watershed projects with cost-benefit ratio, approved by Congress, 1960

Bear Creek, Tenn-----	2.4	Brush Creek, W. Va-----	1.7
Buffalo Creek, Va-----	1.3	Tabo Creek, Mo-----	2.0
Chipwapa Creek, Miss-----	3.2	Bad Axe, Wis-----	1.4
Conewango Creek, N.Y-----	1.6	Mill Creek, Pa-----	2.3
Cypress Creek, Tenn-----	2.3	Ischua Creek, N. Y-----	1.4
Mulberry Creek, Miss-----	1.9	North Broad River, Ga-----	1.2
North Branch Forest River, N. Dak-----	2.3	Vineland area, Colo-----	1.5
Porters Creek, Tenn. and Miss-----	2.3	West Fork of Clarks River, Ky-----	1.2
Wilson Creek, Nebr-----	1.3	North Fork of Little River, Ky-----	1.3
Terrapin Creek, Ala. and Ga-----	1.8	Huff Creek, S.C-----	1.2
East Fork of Point Remove, Ark-----	1.3	Mill-Picayune, Iowa-----	1.3
West Fork of Point Remove, Ark-----	1.5	Badger Creek, Iowa-----	1.9
Beaver Creek, Ky-----	1.5	Chippewa Creek, Ohio-----	1.4
White Play, Brewery, Whiskey		Olmitas-Garcias Creek, Tex-----	1.3
Creeks, Kans-----	1.8	Reelfoot-Indian Creek, Tenn-----	2.6

Mr. STUBBLEFIELD. Mr. Chairman, may I just add this, some additional information that came from the State Conservationists on this project?

They state—

Present land values of the farms in the watershed containing both upland and flat plain are estimated to be \$50 per acre for the upland and \$120 per acre for the flat plain. With the project installed, it is estimated by landowners within the watershed that the upland will be worth \$250 per acre and the flat plain, \$1,300 per acre. Their estimates appear to be conservative when compared with estimates made by the Extension Service of the University of Kentucky which is \$2,000 per acre for flood plain land after protection and improvement.

It would seem to be quite a benefit that would accrue to the people there in that figure of \$2,000 per acre.

Mr. McINTIRE. How is that factor of \$2,000 per acre arrived at?

Mr. STUBBLEFIELD. How is it arrived at?

Mr. McINTIRE. Yes.

Mr. STUBBLEFIELD. Dr. Redman wrote a letter to the local sponsors dated October 8, 1959. I do not have the letter.

Senator COOPER. You mean the benefits?

Mr. POAGE. What about the Mississippi Delta and riverland? That is fine land. There is not any part of it worth \$2,000 an acre, is there?

Mr. STUBBLEFIELD. I doubt it. They have been going to specialty crops—tomatoes and vegetables and so forth.

Senator COOPER. I think that it is based upon this factor, they anticipate and intend that this flood plain area will be used for the production of certain crops such as strawberries. There is a strawberry cooperative which, I think, would be extended to include this production, and which may now be extended to other truck crops now grown in that area. In fact, it happens that their offices are in my hometown of Somerset.

I think the University of Kentucky and the Soil Conservation Service and the local conservancy district worked on that.

As I understand it, this cooperative has entered into a contract for this flood plain area.

I do want to make one further point: I think that if you think of a farm, you cannot consider it just as the part that happens to lie in the lowland area when part of it is on the hillside. These flood plains are now devoted chiefly to corn and hay, and then the uplands—they farm them in eastern Kentucky—are used for grass, and some corn but not too much. But certainly for grass pasturage and cattle.

Mr. STUBBLEFIELD. It says here:

The local landowners point out that the upland values on these farms containing both upland and flood plain will increase in value because specialty crops will not be restricted to the flood plain.

Mr. POAGE. That is the same question we raised previously. You can grow specialty crops above these flood plains with land treatment. We had a delegation from Mississippi on a project rather similar to this. It is obvious that you can do a great deal of work on the uplands but this is a channel improvement proposition on Marsh Creek, is it not?

Senator COOPER. It involves—

Mr. POAGE. Two retention dams?

Senator COOPER (continuing). Floodwater containing dams, and 21, I think, small sediment retention dams.

Mr. POAGE. I have been unable to understand on any of these projects—and I do not want to apply it to just this project—I want to apply it to all projects—how this upland work can be credited as a benefit in the construction of these dams. Obviously, you can improve your upland. Obviously, you can strip crop it and do a great many things that will make it more productive, but that upland is not dependent upon how many dams you build downstream.

Senator COOPER. This territory is a terribly poor area. The per capita income is \$572 per person. These farmers, I would say, probably do not have large resources and their ability to improve their hillside land depends, in great measure, upon the productivity and income from these creek bottoms. It is just a vicious circle unless, in some way, their income can be built up by the development of the best land. They do not have the funds, or even, perhaps the incentive, to try to develop the roughest land they have when their best land is flooded all the time.

Mr. McINTIRE. I certainly appreciate Senator Cooper visiting with us this morning. The thing that has me a little bit going around in circles is that—and this is just an observation, not a criticism—it is all a part of the resolution of this type of thing—that you predicate, for example, on the fact that it will bring this land into a basis whereby it would be suitable for truck crops, for which strawberries seem to be one of the particular items. At the same time we open up irrigation areas or, at least, provide water management projects in the west, and one of the crops they are moving in on is strawberries. And they are already displacing on an economic basis many areas that are producing strawberries on the east coast.

Where is the point of resolution on this kind of a situation? I do not know.

Senator COOPER. That is the kind of issue that is raised with respect to reclamation also.

Mr. McINTIRE. This is not pertinent to my thinking on these projects. There are two States in the United States that have no projects proposed or planned as far as small watershed projects under the act are concerned. The State of Rhode Island is one and the State of Maine is the other. This is not because they have not looked at them. We have looked the States over on this. But this problem of bringing land into production—and I realize probably from a national interest standpoint it is important that we conserve the soil—and I have gone along with a lot of these programs—but just from the standpoint of trying to sustain an economy in an area, I do not quite understand.

In my home county, which is, primarily, a potato producing area, it is constantly in competition with areas opened up for irrigation projects which are federally financed. Neither area is getting as good an economic base or living as should be had.

Where do we find a point where we can drive a stake in and hook onto and say, "This is a guideline"?

Senator COOPER. We have these programs and the Congress approves them and sets up certain standards.

Mr. McINTIRE. Yes, we are struggling here with the standard.

Senator COOPER. It seems to me that it is rather difficult to say that we will approve or not approve a project which lies in a particular part of the country.

Mr. JOHNSON of Wisconsin. There is another thing that we have to consider. If these gullies and ditches and the like are not taken care of, there will be no farm left. I have seen farms where the gullies have been let go. The result was that farm deteriorated to the point where you could not farm an acre and it had to be put into pasture. The farm would be ditches from one end to the other.

Senator COOPER. I think one of the great——

Mr. JOHNSON of Wisconsin. And the land will be lost for all future generations.

Senator COOPER. I think one of the best purposes of this conservation goal will be served by placing a project in eastern Kentucky which, for years, has been called a labor surplus area, or a depressed area or an undeveloped area, and by other names. I believe that this could be a pilot project to demonstrate whether it is possible to develop at least the agricultural possibilities that are there—to see if it is not possible to make something out of an area which is now largely without modern agricultural development.

Mr. POAGE. I would not want you to leave until I have had a chance, at least, to present a viewpoint that is different from that which you have repeated a good many times, that the hill country cannot have a flood prevention program, whereas the flat country can afford it.

It has been my observation, at least we have thought, and I live in a relative flat country, although we do not consider it flat, because we are not as flat as it is out on the plains, but we consider it flat and you folks consider it as flat country, I am sure, but we find that where you do not have any banks to your streams that the cost of impounding the water runs to a tremendous sum, and that our costs for doing that have been mounting and have become much greater than they would be in your territory, because you have banks on your streams. We have to extend our dams so far that our people complain that if we had a hill country we could have cheaper protection, whereas we have to spend vast amounts of money impounding the water as against those areas where they have deeper streams, who can afford this kind of a program. So it really works both ways.

Senator COOPER. I can see that.

Mr. POAGE. Where you have the problem of not having much land in your flood plains, we have a greater expense of impounding the water.

Senator COOPER. You have that. You have wide expanses and, as a result, you have to have wide structures.

In Kentucky, there is a limited amount of land in the bottoms. Eastern Kentucky is no different from any mountainous area such as in West Virginia and I would say in Tennessee. In eastern Kentucky we have these gorges and you have to go down 20 miles to get to the end of the creek in order to get up the next creek, although if the people crossed the hill or the mountain, they might have had to go only 5 or 6 miles, but they never went across there. That is one of the things that had accounted for the isolation, at least in eastern Kentucky, with tremendous families of the same name. They all lived there and married together in a little hollow.

Mr. STUBBLEFIELD. There is one other item that I notice here in this document which states,

The rural-urban area of Pine Knott which is located along the western boundary of the watershed is again considering the incorporation of additional water

storage facilities in one of the flood water retarding structures. Should these plans materialize, the watershed work plan would not be resubmitted to congressional committees, in that the total storage would not exceed 2,500 acre-feet.

Mr. POAGE. I think that is exactly the kind of thing we are trying to get. If we find that those kinds of things are in here—and we have certainly taken it into consideration—and we want to take into consideration—however, I do not think that we could justify approval on the basis that they might do it. We have to know what they are going to do.

Thank you very much, Senator Cooper, for coming here.

Senator COOPER. I want to thank you. You have been very generous in the time you have given me. I know that you will make your decision on the facts. I hope very much that you will approve this, the Marsh Creek project, and that it might be the beginning of not only a watershed development program in eastern Kentucky, but a contribution to the agricultural economy of that part of the State.

Mr. POAGE. We do appreciate your coming over.

Mr. STUBBLEFIELD, do you desire to have that report made a part of the record?

Mr. STUBBLEFIELD. Yes.

Mr. POAGE. The document will be made a part of the record.

(The document entitled "Marsh Creek Watershed Work Plan" and another entitled "Caney Creek Watershed Work Plan" follow:)

MARSH CREEK WATERSHED WORK PLAN SUPPORTING DATA, SOIL CONSERVATION SERVICE, JUNE 11, 1960

As a result of questions raised by the House Agriculture Committee with respect to the apparent high per-acre cost of providing watershed protection and flood prevention to the subject watershed, and your subsequent request for additional information, we have again checked our data on economic evaluation and justification with the local sponsoring organizations, landowners, and technicians who have an intimate knowledge of the watershed and the proposed project.

In addition to reconfirming the watershed work plan data, they submitted the following supporting information:

1. There are approximately 300 farms in the Marsh Creek watershed, and of this number 31 have both upland and flood plain. These 31 farms contain a total of 3,840 acres of which 7.5 percent is flood-plain land.

2. Present land values of the farms in the watershed, containing both upland and flood plain, are estimated to be \$50 per acre for the upland and \$120 per acre for the flood plain. With the project installed it is estimated by landowners within the watershed that the upland will be worth \$250 per acre and the flood plain \$1,300 per acre. Their estimates appear to be conservative when compared with estimates made by the extension service of the University of Kentucky which is \$2,000 per acre for flood-plain land after protection and improvement (see Dr. John Redman's letter to the local sponsors dated October 8, 1959). The local landowners point out that the upland values on these farms containing both upland and flood plain will increase in value because specialty crops will not be restricted to the flood plain.

Development and full utilization of the protected flood plain will likewise provide additional opportunities and capital which will allow farmers to make further land use adjustments and improvements in their entire farm units.

3. The present value of farms in the watershed that contain only upland is estimated to be \$30 per acre. This land is expected to double in value as a direct result of the project. Local people reason that inasmuch as existing floodwater and sediment damages are beyond their ability to solve, degradation of land and water resources will continue within the watershed. People have little pride, faith, and confidence in the future of the community without the project.

Families residing within the Marsh Creek watershed are not unlike other farm people in wanting to be a part of a growing and thriving community. Farm, home, and community improvements set off a chain reaction. They feel that the project would provide such a stimulus. They point to the past 2 years of accomplishments indicated in item 7 as proof of this stimulating effect.

The above benefits that would accrue to upland farms containing no flood-plain land is estimated to be \$574,200 (total acres in the watershed, 22,980—3,840=19,140×\$30=\$574,200).

4. Lake Cumberland, a \$79 million flood control and hydroelectric reservoir with conservation pool, is located 25 miles downstream from the proposed project. Reductions in sediment contribution as a result of the project are estimated to be 21,000 tons per year. Although no monetary value was placed upon the present adverse effects of sediment and turbidity on fish and wildlife in Lake Cumberland, it is obvious that the proposed project would enhance these resources.

5. All of the farmers within the watershed are presently owner-operated; however, it is reasonable to assume that some tenancy and/or contract farming would take place should the project be installed.

6. Mr. John Sears, Manager of the Cumberland Strawberry Growers Association, with whom farmers have signed production and marketing agreements, states that the 600 acres of specialty crops will afford job opportunities for 2,000 workers. Secondary benefits will likewise accrue to farm supply dealers, food processors, and related nonfarmer enterprises.

The rural-urban area of Pine Knott, which is located along the western boundary of the watershed, is again considering the incorporation of additional water storage facilities in one of the floodwater retarding structures. Should these plans materialize, the watershed work plan would not be resubmitted to congressional committees, in that the total storage would not exceed 2,500 acre-feet.

7. Installation of the proposed floodwater retarding structures and major channel improvements is beyond the ability of the local people. However, acting as a group since planning activities were initiated 2 years ago, they have installed the following land treatment and flood prevention measures:

Measures	Unit	Amount	Cost	Percent of project needs
Stabilization with grass.....	Acres	1,250	\$37,500	35
Stabilization with tree planting.....	do	327	7,850	52
Sediment-retention structures.....	Number	12	21,500	41
Drainage (open and closed).....	Linear foot.....	65,000	37,500	27
Farm ponds and silt reservoirs.....	Number	56	8,600	(1)
Stream channel improvement.....	Linear foot.....	10,500	22,100	100
Grade-stabilization structures.....	Number	2	4,370	100

¹ Not included in table 1 of the watershed work plan.

The above measures were applied on 116 watershed farms within the past 2 years. Planning and installation of regular land-treatment measures undergoing programs have likewise been accelerated through the watershed.

H. E. HECKER, *State Conservationist.*

CANEY CREEK WATERSHED WORK PLAN SUPPORTING DATA, SOIL CONSERVATION SERVICE, JUNE 11, 1960

As a result of questions raised by the House Agriculture Committee with respect to the apparent high per-acre cost of providing watershed protection and flood prevention to the subject watershed, and your subsequent request for additional information, we have again checked our data on economic evaluation and justification with the local sponsoring organizations, landowners, and technicians who have an intimate knowledge of the watershed and the proposed project.

In addition to reconfirming the watershed work plan data, they submitted the following supporting information:

1. There are approximately 1,352 farms or portions of farms in the watershed. About 125 of these farms have both flood plain and upland in the total amount of 20,750 acres.

2. Present land values of those farms containing both flood plain and upland is estimated to be \$55 per acre for flood-plain land and \$95 per acre for upland. After the project is installed it is estimated that the land values will be \$400 per acre for flood-plain land and \$140 for upland.

The present low value of the flood-plain land is attributable to the frequent number of floods during the cropping season. Flood-plain owners report that eight crops out of nine are damaged by flood waters.

The increased values of the flood-plain land as a result of the project is attributable to providing a 5-year level of protection to 70 percent of the 6,605 acres of the flood-plain land. The alleviation of this flood hazard will enable the landowners to make land use adjustments and exercise proper management on the entire farming unit.

3. Present land values of farms with no flood-plain lands is estimated to be \$95 per acre. After the project is installed, it is estimated that this value will be \$135 per acre. These increased values will take place as a result of an accelerated land treatment program and major land use adjustments which will increase farming efficiency and land values throughout the watershed.

4. It is estimated that the reduction in sediment contributions as a result of the project will be 26,000 tons per year. Although no monetary value was placed on the adverse effects on the flood-plain or channel of Rough River and fish and wildlife, it is obvious that the proposed project will alleviate these sediment damages.

5. The following landowner-tenant rental agreements are used in the watershed area: (a) tenant receives two-thirds of the gross when he supplies all the costs and the landowner furnishes the land; (b) the landowner receives two-thirds of the gross when he supplies the land and all costs except labor and equipment; (c) the landowner receives one-half of the gross when he furnishes the land and one-half of the other cost except labor and equipment.

6. In addition to the benefits that will accrue to the landowners and people residing in the watershed, the installation of the proposed project will likewise alleviate schedule interruptions on the Illinois Central Railroad and U.S. Highway No. 62, both of which traverse the watershed.

The project will likewise alleviate the health hazard of the malaria and flood-water mosquitoes (*Anopheles quadrimaculatus* and *Aedes vexans*) by eliminating the stagnant waters in the lower reaches of the watershed. Although no monetary benefits were evaluated for fish and wildlife in the sediment pools of the 10 proposed floodwater retarding structures, it is a common practice for the Kentucky Department of Fish and Wildlife Resources to stock these pools with fish. This will afford recreational opportunities for watershed residents and the public generally.

H. E. HECKER,
State Conservationist,
Soil Conservation Service.

Mr. POAGE. We will now consider the bills before us, H.R. 12201, H.R. 12182, and H.R. 12184.

(H.R. 12201, H.R. 12182, and H.R. 12184, follow:)

[H.R. 12201, 86th Cong., 2d sess.]

A BILL To amend the Soil Bank Act to provide that land devoted to conserving uses after the expiration of a conservation reserve contract may continue to be counted in the determination of acreage allotments and marketing quotas

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (1) of section 112 of the Soil Bank Act (7 U.S.C., sec. 1836(1)) is amended by inserting immediately after "under such contract" the following: "and, under regulations of the Secretary, shall not be considered to be decreased after the termination of the period of the contract by reason of the continued maintenance of such conserving use if such conserving use is maintained in a satisfactory condition, except that if the period of such contract terminated before January 30, 1960, the appropriate

county committee shall determine, on the basis of equity and fairness, the extent to which such cropland will not be considered to be decreased after the termination of the period of the contract".

(b) Paragraph (2) of such section (7 U.S.C., sec. 1836(2)) is amended by inserting immediately before the period at the end thereof the following: ", and, under regulations of the Secretary, such acreage shall be considered to continue to be so devoted after the expiration of the period of the contract for so long as the conserving use provided for in the contract is maintained in a satisfactory condition, except that if the period of such contract terminated before January 30, 1960, the appropriate county committee shall determine on the basis of equity and fairness the extent to which such acreage shall be considered to continue to be so devoted".

(c) The amendments made by this Act shall be effective on and after January 1, 1960.

[H.R. 12182, 86th Cong., 2d sess.]

A BILL To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16 of the Soil Conservation and Domestic Allotment Act of 1938, as amended, is amended as follows:

(1) Paragraph (3) of subsection (b) is amended to read as follows:

"(3) insofar as the acreage of cropland on any farm enter into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subsection by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;"

(2) Paragraph (4) of subsection (b) is amended to read as follows:

"(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under the program or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

[H.R. 12184, 86th Cong., 2d sess.]

A BILL To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16 of the Soil Conservation and Domestic Allotment Act of 1938, as amended, is amended as follows:

(1) Paragraph (3) of subsection (b) is amended to read as follows:

"(3) insofar as the acreage of cropland on any farm enter into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subsection by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;"

(2) Paragraph (4) of subsection (b) is amended to read as follows:

"(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under the program or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended;"

Mr. POAGE. We will now hear from Mr. Young.

STATEMENT OF HON. E. L. PETERSON, ASSISTANT SECRETARY OF AGRICULTURE, PRESENTED BY GLADWIN YOUNG; ACCOMPANIED BY CY LUKER, HENRY ABBOT, L. M. ADAMS, AND THOMAS E. HAMILTON, U.S. DEPARTMENT OF AGRICULTURE

Mr. YOUNG. Mr. Chairman and members of the committee, I have a statement on H.R. 12182 and H.R. 12184 by Secretary Peterson, which he has asked me to present, and with your permission I will read his statement:

I appreciate the opportunity of presenting the views of the Department of Agriculture regarding the identical bills, H.R. 12182, introduced by Congressman Poage, and H.R. 12184, introduced by Congressman Short, bills to protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments. Senator Young of North Dakota introduced an identical bill, S. 3533, and subsequently offered the text of that bill as an amendment to S. 2759, the wheat bill, which amendment was adopted without opposition and appears as title III in that bill as passed by the Senate.

The Department of Agriculture recommends that the bill H.R. 12182 be enacted for the reason that it will be an important contribution toward accomplishing the long-term objectives of the Great Plains conservation program.

As this committee is well aware, the principal objective of the Great Plains conservation program is to bring about greater agricultural stability in the Great Plains region through intensification of soil and water conservation measures and through encouragement of needed land use adjustments. The fluctuating rainfall pattern in the Great Plains has, from time to time, coincided with extensive cultivation of substandard soils to produce Dust Bowl conditions felt throughout the Nation in the form of both physical and economic distress.

One of the most needed adjustments is the development of ranches and farms so they will have greatest chance of economic survival during the long unpredictable periods of low rainfall. This means first of all that plans for management must provide for maximum conservation of moisture and provision for livestock water. Equally as important, it means that land not suited to cropping be devoted to permanent vegetation.

Substantial adjustments are being made in this direction.

On more than 4,000 farms and ranches with Great Plains conservation contracts, about 30 percent of the land formerly in crops is being diverted to permanent grass.

Public Law 1201, which authorizes the Great Plains conservation program, makes provision for protecting the crop allotments on the cooperating farms during the period of the contract which runs for periods of from 3 to 10 years. At the termination of these contracts, however, farmers will have to again increase their acres devoted to crops if they are to maintain these acreage allotments.

H.R. 12182 would amend section 16(b) of the Soil Conservation and Domestic Allotment Act to extend acreage allotment protection for participants in the Great Plains conservation program beyond the date of termination of the contract for an additional period equal to the period of the contract. No additional cost to the Federal Government would be imposed by this amendment.

We believe this additional time period for protection of acreage allotment would contribute substantially to maintaining more of the diverted cropland in permanent grass. It will give an additional period for a new system of management under a complete conservation plan to become more fully established and to prove its value. It will provide a longer period of time for each cooperating farmer or ranches to achieve the full benefits of the new conservation farming system and will extend the period of time when he must make a decision about shifting his diverted grassland back to crops to protect his acreage allotment.

Thank you for this opportunity to provide further explanation of our endorsement. We shall be happy to provide further information or attempt to answer questions that members may have.

Mr. POAGE. Thank you, Mr. Young. I do not want to put these things too fast, but I think that this is quite obvious, I do not know of anybody who has any particular question about it. We have a favorable report from the Department of Agriculture on the bill signed by Mr. Morse. In fact, the bill was sent up by the Department. It is merely a matter of allowing the man who has made a contract to keep his land in grass, to keep it in grass even after he ceases to get pay for doing so.

Mr. JOHNSON of Wisconsin. This land that he has put into grass is not really suited for wheat, but he has a wheat allotment?

Mr. POAGE. He has a wheat allotment. And the Department, certainly, thinks in general that it is much better to keep it in grass than to have it in wheat, else we would not have been paying him to put it in grass. And this merely says that after his contract expires, we will quit paying him, but we will not penalize him if he keeps it in grass.

The report will be made a part of the record at this point.

(The letter referred to follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 23, 1960.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR CONGRESSMAN COOLEY: This is in reply to your letter of May 20, 1960, requesting a report by this Department on H.R. 12182, a bill to protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

The Department recommends that the bill be enacted.

The bill would amend section 16(b) of the Soil Conservation and Domestic Allotment Act that authorizes the Great Plains conservation program so that the

protection of cropland acreage and of diverted acreage used in determining acreage allotments and marketing quotas, that is provided by the present law during the life of the contract, would be extended as regards changes in land use from cultivated cropland to permanent vegetation, for an additional period beyond the termination of the contract equal to the period of the contract.

The existing law protects farm and ranch operators during the period of the contract from loss of acreage allotments resulting from either reduction of cropland acreage or diversion of acreage in carrying out the contract. This protection during the contract period enables both participants and nonparticipants to maintain a comparable status in crop histories. However, when the contracts expire the reduced cropland acreage which frequently results from carrying out conservation plans may result, under crop allotment policy, in reducing acreage allotments to correspond with farms of smaller cropland histories. Unless the cropland acreage history and the diverted acreage of farms on which Great Plains contracts are carried out are protected for a reasonable period after the contracts expire as regards changes in land use from cultivated cropland to permanent vegetation carried out under the contracts, those producers desiring to protect their acreage allotment would have no choice but to immediately plow up the acreage converted to permanent vegetation. This would defeat an important purpose of the Great Plains conservation program.

By giving farm and ranch operators the protection provided for in the proposed amendment, they will have a reasonable time after the program measures all are installed and in operation to test their new type of farming. As a result, a large percentage of the lands, which in all probability otherwise will be plowed up in order to protect acreage allotments, will be retained in permanent vegetation. This will protect the Federal investment in the program and also help to prevent a return to the cropping of substandard land.

Enactment of the bill will make a substantial contribution toward attaining the objectives of the Great Plains conservation program without additional Federal costs.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

Mr. JOHNSON of Wisconsin. That was the reason for the dust bowl troubles in the thirties.

Mr. POAGE. We think that the present law encourages him to plow it up, and they should not plow it up. A good many would keep it in grass because it would be to their own advantage if they were not going to lose their wheat acreage. There will be pressure to plow up the land which we would like to remove. It costs the Government actually nothing to do this. And we cannot see why we should not do it.

Mr. BREEDING. As I understand it, this bill would require the same length in extension as the original. I wonder whether or not it should not be for a period of years beyond that.

Mr. POAGE. I believe that we ought to review it at that time, rather than to try to foresee the future too far.

Mr. McINTIRE. I understand on the basis of your testimony that there are some 5-year contracts?

Mr. YOUNG. Yes, 3 to 10.

Mr. McINTIRE. I was wondering—this is just a thought—whether or not this bill should read that a participating operator farmer under contract, at the termination of his contract, is to take an option and not be limited just for the period of his contract, but an option to continue up to 10 years or the extension of that. I am just throwing that thought out.

Mr. POAGE. I do not see any particular objection to it, except that I think that since we only have a week here, you will complicate the matter a little bit. I do not think that the benefits that you might get.

out of it would, probably, be worth the risk you would run into. We are now able to say that this bill has been considered by the Senate—it was put in the wheat bill by the Senate. The Senate has, at least, given approval of this principle. If we change it, even though it is desirable, it seems to me that it would be taking a risk that we had better not take at this stage.

Mr. SHORT. While the spokesman for the Department is here, I might say that Mr. McGinley has a bill that does essentially this same thing on soil conservation as differentiated from the Great Plains program. I am wondering if the Department has reported on Mr. McGinley's bill.

Mr. YOUNG. No, we have not been asked to.

Mr. POAGE. We will go to that when we get through with this one. Is there anything further on this bill to discuss?

Mr. McINTIRE. Do you propose to have an executive session on this?

Mr. POAGE. Yes. If there is nothing further, we will hear from Mr. McGinley. We are glad to have you here.

**STATEMENT OF HON. DONALD F. MCGINLEY, A REPRESENTATIVE
IN CONGRESS FROM THE FOURTH CONGRESSIONAL DISTRICT OF
THE STATE OF NEBRASKA**

Mr. MCGINLEY. Mr. Chairman, and members of the committee, I find, Mr. Chairman, that I committed a sin of omission by failing to follow the usual policy of asking for a departmental report. It has been discussed with Mr. Marvin McLain of the Department who orally gave a favorable acceptance to the matter.

I think that the report will be expedited from the Department. It does apply the same principle as has been discussed in the other bills to the conservation reserve; that is, the soil conservation bank program.

Of course, with mixed feelings that are existing about the merits of the conservation reserve program, even to the extent that Congress, apparently, is not going to continue it, nevertheless I think we must agree that it has had some benefits and has had some merits, and we ought, I think, to preserve whatever benefits have been achieved—achieved through that program.

Mr. Hamilton is here at my request from the Department and is well armed with statistics. I did, however, want to point out some figures that he gave me.

In 422 midwestern counties in the Great Plains area, they have about 9 million acres in the conservation reserve program, and of those 9 million, approximately 2.7 million acres were formerly in allotted wheat crops.

And I think that we recognize that we have been trying to reduce the wheat production and we ought to try to preserve some of this land in the retirement program. I think that this will provide the incentive to some farmers to do so.

I know in my own area of some who have established the adjusted program of taking some land out of the wheat acreage and would like to continue it, but to have it preserved on their cropland history.

Mr. POAGE. This does exactly the same thing. In other words, for the conservation reserve what the Poage bill does for the Great Plains program.

Mr. McGINLEY. Yes, sir.

Mr. BREEDING. Could we put them together?

Mr. POAGE. Again, I would say "Yes," but as I have pointed out, I raised the question in regard to what Mr. McIntire said, I fear we do not have the time. I hope that we do not have but 1 more week in which to act on these things. I think that every explanation that we would have to make lessens our chances of passage.

Personally, it seems to me that Mr. McGinley's proposal is a sound proposal. You say that there is a representative of the Department here to speak on it? If so, we will be glad to hear from him.

Mr. McGINLEY. I might point out, for the interest of the committee, that there is a difference in detail in my bill and that it leaves the situation with the county committee to determine whether or not this cropland history should be preserved to the benefit of the landowner, rather than be automatically included, because there was a contract made.

Mr. MCINTIRE. Could you straighten out my thinking that is going through my mind? I know that with some crops—I am not positive on wheat—the acreage can be returned to the committee within the current year and still preserve it to the operator, is that not right?

Mr. POAGE. That is true in cotton. I doubt that it is true in wheat.

Mr. SHORT. I do not think it is true with wheat.

Mr. POAGE. There is a special cotton law. And it is true with cotton.

We will now hear from Mr. Hamilton.

Mr. HAMILTON. I have no prepared statement, Mr. Poage. I merely came up at the request of Congressman McGinley to answer questions.

There is one thing that I think, Congressman McGinley, we should clear up; this 2.7 million acres of wheat allotment consists of the acreage of wheat allotments that were found on the full farm units in the program which represents, approximately, 70 percent of the acreage at the present time under conservation reserve and is a little over 20 million acres. It is not just reflected or restricted to the 9 million acres which we have under contract in the 422 Great Plains counties. I think that point should be made clear. You left the impression that this was all in the 422 Great Plains counties.

Mr. BREEDING. Actually, there will be more acreage than these 2.7 million.

Mr. HAMILTON. The 2.7 million acres are the wheat allotment acres that we have on the whole farm units in the Nation. If you include the allotment acres of all of the allotment crops, including corn, we have 4,730,000 acres out of some 20 million acres on the whole farm units.

Have I made myself clear?

In other words, the 20 million acres represents, approximately, 70 percent of the 28.6 million that we have under contract.

Mr. POAGE. Are there any questions of Mr. Hamilton?

Do you think that the Department could get a report on this to us in the next few days?

Mr. HAMILTON. I am sure that we would do our best. As you know, it takes time to have these things cleared.

Mr. POAGE. I doubt that you can pass this without a report from the Department; I mean, when you go to the Consent Calendar, you will be asked, "Is there a favorable report?" And I think that you

will have to say "Yes" or somebody will object to it on the Consent Calendar.

Do you think that there should be any change in the form of this, Mr. Hamilton?

Mr. HAMILTON. I think that Congressman McGinley's bill does essentially the same thing that your bill does for the Great Plains.

Mr. POAGE. We think so, too. As he pointed out, there is a slight difference in the form. He does give the county committee some authority which is not in our bill. I do not think there is any objection to that. It may be desirable.

Mr. JOHNSON of Wisconsin. Would it have anything to do with the Great Plains?

Mr. POAGE. We do not give them any authority but they could have the authority to determine that it was in the public interest to do that. Personally, I see no objection to giving the county committee that authority.

Did you have the Great Plains bill before you when you drafted this bill?

Mr. HAMILTON. This was drafted by Mr. McGinley.

Mr. POAGE. You drafted it up here?

Mr. MCGINLEY. With the cooperation of Mr. Valentine in the Department. And we had a considerable amount of discussion with the Legal Department.

Mr. POAGE. Did you use the Great Plains bill?

Mr. MCGINLEY. No; I did not. I did not know that it was in.

Mr. POAGE. I see that it was introduced probably 1 day before, with a 1-day difference.

Mr. MCGINLEY. Just 1 day's difference.

Mr. POAGE. There is no absolute necessity of having them exactly the same, and yet I think sometimes it would save a good deal of confusion if they were exactly the same.

Mr. MCGINLEY. My bill provides that so long as the use is maintained on a satisfactory condition, without being limited to the original contracted period which it states in your bill. I have no level for that particular measure. If it should be changed to the rule that is laid out in your bill, the Great Plains bill, all right.

Mr. POAGE. I do not mean to suggest that the Great Plains bill is any better than this one. I think it is a good suggestion to give the county committee the veto power. I do think that we probably could pass the two, do you not think so, if they were exactly with the same language?

Mr. HAMILTON. Yes.

Mr. JOHNSON of Wisconsin. I think a favorable report would save a lot of that confusion.

Mr. POAGE. That is true.

Mr. SHORT. There is no question as to the merits of doing it.

Mr. POAGE. If there are no further questions of Mr. Hamilton, we thank you Mr. Hamilton.

Mr. HAMILTON. Thank you.

Mr. POAGE. We will now go into executive session and try to take some action.

Mr. MCGINLEY. I might say in further explanation that there is a provision here to provide that any contract expiring before January

30 of this year shall be subject to review by the county committee, and I have in mind any contracts that might have expired by reason of the death of the owner.

Mr. POAGE. Why do we not ask Mr. McGinley to stay with us in executive session. We will now go into executive session.

(Whereupon, at 11:30 a.m., the subcommittee proceeded into executive session.)

FEDERAL CROP INSURANCE ACT AMENDMENT

H.R. 5743

JUNE 24, 1960

FEDERAL CROP INSURANCE ACT AMENDMENT

FRIDAY, JUNE 24, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENTAL
OVERSIGHT AND CONSUMER RELATIONS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:20 a.m., in room 1310, New House Office Building, Hon. Paul C. Jones (chairman of the subcommittee) presiding.

Present: Representatives Jones, Hagen, Jennings, Dixon, and Dague.

Also present: Christine S. Gallagher, clerk.

Mr. JONES. We will now take up H.R. 5743, which is a bill to amend the Federal Crop Insurance Act to permit inclusion of administrative costs in insurance premiums.

(H.R. 5743 follows:)

[H.R. 5743, 86th Cong., 1st sess.]

A BILL To amend the Federal Crop Insurance Act to permit inclusion of administrative costs in insurance premiums

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 508(b) of the Federal Crop Insurance Act, as amended, is amended by inserting in the first sentence after the phrase "on such insurance" the following: "; to cover all or any part as the Board may determine of administrative costs, operating costs and the direct cost of loss adjusters for crop inspections and loss adjustments;"

Mr. JONES. We are happy to have with us this morning the Assistant Secretary of Agriculture, Mr. Marvin McLain. I understand he is accompanied by Mr. Carl Fretts and Mr. George Evans.

We are glad to have you here this morning, Mr. McLain. And I understand that you have a prepared statement, and without objection we will file that statement and make it a part of the record, and if you would like to read from the statement or to comment on the need for this legislation, we would be happy to hear from you.

STATEMENT OF MARVIN McLAIN, ASSISTANT SECRETARY, DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY CARL A. FRETTS, GEORGE E. EVANS, JOHN SKEFFINGTON, AND M. ELTON COLBY, FEDERAL CROP INSURANCE CORPORATION, USDA

Mr. McLAIN. I think in order to save time we could just make my statement a part of the record.

(Prepared statement of Mr. McLain follows:)

STATEMENT OF MARVIN L. McLAIN, ASSISTANT SECRETARY, U.S. DEPARTMENT OF AGRICULTURE, FEDERAL CROP INSURANCE CORPORATION, BEFORE THE SUBCOMMITTEE ON DEPARTMENTAL OVERSIGHT AND CONSUMER RELATIONS OF THE HOUSE COMMITTEE ON AGRICULTURE

Mr. Chairman, we appreciate the opportunity to meet with this committee today for the purpose of discussing the need for legislation that would amend the Crop Insurance Act as provided in H.R. 5743.

I believe it would be helpful if at this point I would first briefly summarize the history of the Corporations' operations.

The Corporation was created in 1938 to develop a practical method of furnishing all-risk crop insurance protection on a national basis. The tremendous risk in this type of venture was readily recognized. The few private companies who had previously attempted to write this type of insurance were unsuccessful. Even though this type of insurance protection was sorely needed to help provide a sound agricultural economy, commercial carriers were not interested in assuming the risk.

Mainly because of inclement weather and the lack of sufficient underwriting data, the first several years of operations were unsuccessful. As a result of this unfavorable experience, Congress placed the program on a limited experimental basis in 1948. The wisdom of this action has been demonstrated by our experience since 1948.

Despite heavy losses experienced in the early fifties because of the severe and extended drought in areas where participation in the program was concentrated, premium income of \$226 million for the 12-year period through 1959, has exceeded indemnity costs of \$220 million by \$6 million. This includes \$18 million the Corporation lost in 14 southwest counties before it became necessary to withdraw the program from those counties.

We believe the 21 years of experience we have gained in this field are beginning to produce results. While we still have a long way to go before we can feel our objective has been achieved, we think our experience for the past 12 years indicates considerable progress toward the development of a national crop insurance program on a sound basis.

For the crop insurance program to be considered a complete success, we feel that eventually premium income should cover not only the indemnity costs, but also the administrative expenses.

Until 1955, all administrative and operating costs were paid from appropriated funds. In order to provide necessary flexibility in administering the program, authority was included in our 1955 Appropriation Act to pay the direct costs of loss adjusters from premium income. This authority was extended in 1956 to include a portion of administrative costs. From 1955, through the 1959 fiscal year, we have paid approximately \$3 million from premium income for the direct costs of loss adjustments and operating and administrative costs.

Under the current provisions of our act, these expenditures cannot be included in the premium rates. To continue paying these costs from premium income without authority to include them in the premium rates results in the depletion of our capital without any way to replenish it.

The objective of H.R. 5743 is to provide authority for the gradual inclusion of operating costs in the premium rates, to the extent our Board of Directors deems feasible.

It is our firm conviction that in the event this legislation is enacted, the absorption of administrative and operating costs in premium rates must, of necessity, be at a very gradual rate. Because of the high risk involved in this type of insurance, premium rates are already at a level considerably higher than those customarily charged for other types of insurance. If we were to include administrative costs in our premiums at too rapid a pace, it would result in a precipitous increase in premium rates. This could drastically reduce participation in the program to the extent that much of the progress we have made during the past 12 years would be nullified.

Enactment of this legislation would provide an orderly means for the gradual transition of the crop insurance program to a self-sustaining basis as conditions permit. We recommend its passage.

That concludes my statement, Mr. Chairman. We will be very glad to furnish at this time, any additional information the Committee might desire.

Mr. McLAIN. What this legislation would do, very simply is to provide the Crop Insurance Board with authority to include administrative costs in crop insurance premium rates. I serve on the Board along with Mr. Kenneth L. Scott, Director of Agricultural Credit Services, the manager of the Corporation, Mr. McCartney, and the two outsiders, Mr. C. B. Funderburk and Dr. Clyde M. Kahler.

For some time the Board has felt that we ought to have the right, in setting our premium rates, to include the administrative costs, which up to this time we have not been permitted to do. Now this would have to be done over a gradual period of time. We have been operating successfully the last few years, and we feel the time is opportune for such action. This is a bill which the Department recommended, and I think all of us agree that the part the Federal Government plays in the crop insurance program ought to be to help demonstrate that we can have a practical program that eventually can be operated without any subsidy at all. This is what the proposed legislation would endeavor to do.

It is also our hope over a long period of time that private stock or mutual companies would become interested in this type of insurance and we have more and more evidence that they are willing to do so. But in order to demonstrate what needs to be done in setting rates, we should include operating costs in our experience. That is what we are asking to do.

When we were before the Senate Appropriations Committee this year the question was asked why we were not doing this. Some of the Senators then asked why we did not have the authority to do it. This legislation would provide us the authority, and we would include over a period of time whatever was possible and still have the program accepted by farmers.

Mr. JONES. In referring to your statement, I see that in the 1955 Appropriation Act there was authority included to include the direct cost of loss adjustments.

Mr. McLAIN. That is right.

Mr. JONES. This would include more than that.

Mr. McLAIN. That is correct.

Mr. FRETTS. Let me clarify that.

The appropriation act did not give us authority to include those costs in our premium rates. It only gave us authority to pay those costs from premium income. So, while certain expenses have been paid from premium income since that date, we do not yet have the authority to include those costs in our premium rates.

Mr. McLAIN. You see, this has the effect, then, of reducing our capital structure, or our surplus. Of course, any insurance company that operates properly ought to be able to set a rate that would take care of not only the losses but the operating costs.

Mr. JONES. Now this crop insurance program started back about 1939 or 1940.

Mr. FRETTS. 1939.

Mr. JONES. 1939, and it has been, up until—well, it has been all the way through a subsidized program, as I understand it.

Mr. FRETTS. Insofar as most of the administrative expenses are concerned, yes.

Mr. McLAIN. As far as losses are concerned, since 1948, when the program was placed on a limited experimental basis, if you leave out

the administrative cost from the standpoint of indemnities and premiums, we are on the plus side, as this statement indicates, by several million dollars.

Mr. JONES. How is the capital structure, is that supplemented from time to time with direct appropriations?

Mr. FRETTS. We have a hundred million dollars of capital authorized and \$40 million of that has been subscribed and paid for by the Treasury of the United States.

Mr. JONES. What have been the losses in this program, that is, above the premiums collected; is there any estimate of that?

Mr. FRETTS. Well, there are two periods.

Mr. McLain just indicated that starting with 1948, when the program was placed on its present basis, through 1959, for the 12-year period, we show a surplus of about \$6 million. Our premiums for that 12-year period amounted to approximately \$226 million, our indemnities to \$220 million, in round numbers.

Mr. JONES. Then the cost of the administration was taken out of the appropriation to the Department of Agriculture?

Mr. FRETTS. That is correct, except for the part of administrative costs paid from premium income.

Mr. JONES. Another thing I have never been quite clear on, and that is: Is the crop insurance restricted to the specific counties or areas, and if so, how does an area or county become eligible for this insurance?

Mr. FRETTS. Well, the program is on a so-called experimental basis. Starting back in 1948, we began the experiments in about 400 counties. We have increased the program in the meantime, until at present we have 870 counties for 1960.

Mr. JONES. That is out of 4,000 and some odd—

Mr. FRETTS. Roughly 3,000.

Mr. JONES. In the United States?

Mr. FRETTS. In the United States. Of course, they are not all major agricultural counties, you understand.

Mr. JONES. I understand.

Mr. FRETTS. Insofar as adding the counties to the program, our legislation requires that the program be operated in counties where the commodity insured is a principal income-producing crop. Now that is the first requirement.

The second requirement is that there be considerable local interest in the program. In that connection, we get recommendations from the field both as to the counties that grow the largest acreage of the crop, and also the counties where there is pronounced interest in the program. From their recommendations the selections are made.

Mr. JONES. You say from their recommendations. Who do you mean by "they"?

Mr. FRETTS. Our field people, primarily our State directors.

Mr. JONES. Well, a county—just using as an example, say the county in which I live, at times cotton is the principal crop, and maybe some other year soybeans would be the principal crop.

Now would you be permitted, if there was a request, to insure each of those crops?

Mr. FRETTS. That would depend—the principal crop in the county also means the principal crop representing a large acreage in that county. We don't go into a county where there is a relatively

small acreage. We pick out the counties primarily that have the larger acreage in a particular crop, and where there is demonstrated interest in getting the program in the county.

Mr. McLAIN. I think also, Mr. Jones, to answer your question a little more clearly, if we are in a county, for instance, with cotton, and they do raise a lot of soybeans, of course, we can expand our coverage to soybeans in the county. We do have more than one crop covered, in many counties. So once the program is established we can expand into other crops, if there is a demand for it.

Mr. JONES. You indicate that this has been on an experimental basis now for 21 years. Has the experience shown that you have had requests from certain areas that you would reject because of some particular experience in the losses in that county?

Mr. McLAIN. We did withdraw the program from 14 counties where we had terrific losses in the high hazard areas of the Southwest. The Board felt that from the standpoint of trying to operate a program, to be fairly sure that it had a chance of operating on a basis that would pay its own way, we couldn't carry these particular areas any longer because the results had been so disastrous. So they were dropped from the program.

Now, a successful insurance company of any kind, when it deals, not only with crops, but with fire and other hazards, has to have its risk pretty widely distributed if it is going to avoid the hazard of having it pinpointed in one area. So the current Board has been operating the program on a basis of making it more widespread. We think this is the way a program should be operated.

We have had some demands for expansion a little faster than we could go. We have indicated that we would expand in the areas where there is the widest interest in the program, and we haven't had much criticism on this score. We have also tried to insure a variety of crops so that we could experiment not only with cotton and corn and tobacco but some of the others, such as citrus, so that we can really demonstrate what can be done. This, in our judgment, is the big value of this program.

I think eventually the time will come when the old line companies will be interested in a program of this kind. It is something that is very badly needed in my judgment.

Mr. JONES. My basis is that the principal coverage that has been given by mutual and private companies, at least down in my areas, has been just for hail, for instance. That seems to be the big hazard.

Mr. McLAIN. That is right.

Mr. JONES. What other hazard do you cover in crop insurance?

Mr. FRETTS. We cover all unavoidable risks.

Mr. JONES. Say, freezing in the citrus country?

Mr. FRETTS. That is correct, everything except what is avoidable by the insured through approved farming practices.

Mr. JONES. In other words, insect damage would have been avoidable, and you wouldn't cover that?

Mr. FRETTS. That is correct. If it can be avoided by applying sprays or chemicals, that is not covered.

Mr. JONES. But you do cover floods?

Mr. FRETTS. Flood, hail, wind.

Mr. JONES. Do you cover drought?

Mr. FRETTS. Yes, we do.

Mr. JONES. And all that we are trying to do in this legislation here this morning is to give the authority for the Board to adjust its rates so that it will include these administrative costs, operating costs, and direct costs of loss adjusters.

Mr. FRETTS. So that they may be included in the premium rates on a gradual basis.

Mr. JONES. And it will be the intention, in other words, to make those increases gradual. And would that have the effect of encouraging the private and mutual companies to come in there and to operate?

Mr. McLAIN. In the first place, it has to be gradual, we have to keep the people we have in the program. Obviously we can't increase the rates very rapidly or we would lose the people we have in the program. If it be demonstrated that we can gradually absorb our administrative costs, then I think we have a better chance of interesting private carriers in furnishing this type of coverage.

One of the criticisms we have always had is that Congress has set the program up this way, so that we can't include all the cost, and it isn't a true experiment of the actual operations if you can't include the administrative cost. This bill would give us the authority to do that if it is passed. I can't see why anybody should object to it if they want to see the program operate on a basis that is fair and reasonable.

Mr. JONES. Well, if that has the effect—if you have this authority, would this have the effect of influencing the Board to go into more counties to broaden its coverage and to give you a wider diversification than you have there?

Mr. FRETTS. I would like to make one comment here.

I don't think it has been mentioned, but we do have a limitation on the number of counties we can add under our legislation, and that is not to exceed 100 counties a year. We have never added that many in a year, but that is the limitation on counties that can be added.

Mr. McLAIN. The real limitation comes from the board itself, plus the fact that the Appropriations Committee also looks at our plans for expansion when we go before them. Quite naturally they should. And this is one of the reasons why I think, if we had this authority, it would probably be possible to expand faster.

Mr. HAGEN. I would like to ask a question.

You show a \$6 million profit in that 12-year period. If all the administrative costs had been added in there that were paid out of the Treasury, what would be the figure of profit and loss?

Mr. McLAIN. It has averaged about how much a year, Mr. Fretts?

Mr. FRETTS. About \$7 million a year.

Mr. HAGEN. So you would show a big loss figure if you add administrative costs?

Mr. FRETTS. That is right.

Mr. McLAIN. But if we had been out of those 14 counties, Mr. Hagen, that were really loaded to begin with because of the high loss ratio that they had, it would have shown quite a different figure.

Mr. HAGEN. And if you added a \$7 million figure times 12, that would be the loss?

Mr. FRETTS. Of course, you must remember, we operated on the basis, under our existing legislation, that administrative costs were not permitted to be included in our rates.

Mr. HAGEN. I understand that.

If you have a rule only to insure the principal crop, how can you insure more than one crop?

Mr. FRETTS. Not the principal; a principal.

Mr. HAGEN. A principal?

Mr. FRETTS. Principal income-producing crop.

Mr. HAGEN. I was wondering because, for example, in California we have numerous crops.

Mr. FRETTS. We have many counties where we have two, three, four, and sometimes more crops under the program.

Mr. HAGEN. For example, I think raisins were recently turned down as to insurability, I don't recall on what basis.

Mr. McLAIN. We have had a request from your State, Mr. Hagen, and we thought until we had expanded a little further, since we had just started in the citrus area we ought to go a little slowly until we found out what our results were, and particularly with the demand in other areas.

I don't think there is any reason over a long period of time why insurance couldn't be made available to raisin growers if there were more interest in it.

Mr. HAGEN. One more question.

Let's take a wheatgrower who is overplanted, will you insure his overplanted crop?

Mr. FRETTS. Yes; we insure the total planted acreage.

Mr. HAGEN. Now, if he didn't have a crop failure he couldn't market that wheat without penalty, and yet he can collect insurance if he does have a crop failure; is that right?

Mr. FRETTS. If he has a loss.

Mr. HAGEN. Do you think that is equitable?

Mr. FRETTS. Well, we tried a number of years ago to restrict our coverage to the allotted acreage, and it became extremely cumbersome and quite difficult to administer. So we changed over to insuring the total planted acreage. The insured pays a premium on whatever he plants and then his loss is based on that same acreage.

Mr. HAGEN. And was it your experience in some of these high-risk areas that there was a large overplanting with this insurance in mind?

Mr. FRETTS. It varied over the years.

Mr. HAGEN. But you have authority to get out of that kind of situation?

Mr. FRETTS. Yes.

I might mention that in these 14 counties that Mr. McLain referred to, our net loss through the 1955 crop year, following which we withdrew from them, amounted to \$18 million, just in the 14 counties alone.

Mr. JONES. Were those 14 counties all within a rather concentrated area?

Mr. FRETTS. The Southwest, the more seriously affected area of the Dust Bowl.

Mr. JONES. It was all because of drought?

Mr. FRETTS. That is right; Texas, New Mexico, and Colorado, I believe, were the three States involved.

Mr. HAGEN. I assume a lot of those farms were planted to penalty wheat.

Mr. FRETTS. Some of them may have been.

Mr. JONES. I don't think it will be necessary to make it a part of the record, but you do have an annual report showing the listing of counties covered?

Mr. FRETTS. Yes; we do.

Mr. JONES. I wonder if you could make one of those available. I don't want to put it in the record, but I think there may be questions asked when we go before the full committee, and it would be helpful to answer those questions.

Mr. FRETTS. We would be very pleased to make them available.

Mr. JONES. Mr. Dague.

Mr. DAGUE. There is only one question.

Percentage-wise, does anyone have an idea how much the premium would be increased by the allocation of administrative costs?

Mr. McLAIN. As Mr. Fretts indicated, our administrative costs have been several million a year. What would this figure be on premium, Carl, if you were going to do it all at once?

Mr. FRETTS. If you were going to do it all at one time—understand the legislation we are asking for doesn't contemplate doing that—but overall it would eventually amount to a 35- or 40-percent increase in premium rates.

Mr. JONES. Are there any other questions?

(No response.)

Mr. JONES. Thank you for giving us this information.

If you will furnish the copies of the report, I think that will be helpful.

Mr. McLAIN. There is getting to be a lot of interest in this program by outside groups. We are very much encouraged from this. From that standpoint alone, getting the program on the basis of where we are paying our own way, so that we could be beneficial to them, and at the same time help the farmers, is what we are interested in.

Mr. JONES. I see two things that you are going to accomplish:

One, we are going to reduce the subsidy, and when we get the rates up to a realistic figure, I think you will encourage the private industry to come in there with this coverage.

Mr. HAGEN. Also, the tendency would be for the program to expand, I mean, there would be less of a brake on expanding the program if there was less subsidy allotted to it.

Mr. McLAIN. That is right.

And of course, this ought to be done. In my judgment at least, it would be in the direction of what Congress thinks should be done in the future.

Thank you very much, Mr. Jones.

(Letter, dated May 21, 1959, from Comptroller General, follows:)

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, May 21, 1959.

B-139455

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: Your letter of April 27, 1959, requests our comments on H.R. 5743.

This bill would amend section 508(b) of the Federal Crop Insurance Act, as amended, 7 U.S.C. 1508(b), to provide permissive authority for the Board of

Directors of the Federal Crop Insurance Corporation to include, as it deems feasible, any part or all of its administrative and operating expenses and any direct costs of loss adjusters for crop inspections and loss adjustment, in the computation of premium rates. Whether all or part of the mentioned costs should be included in the computation of premium rates so as to permit the placing of the insurance program on a self-sustaining basis as a matter of policy primarily for the determination of the Congress. However, the following comments are offered for your consideration.

For many years we have supported action that would accomplish the purposes of H.R. 5743. In our audit report on the Federal Crop Insurance Corporation for the fiscal year 1953 (p. 3, H. Doc. 390, 83d Cong., 2d sess.), we recommended that the "Corporation review its premium rate structure periodically with a view toward (1) creating adequate insurance reserves, and (2) placing the program on a self-sustaining basis through the ultimate recovery of all administrative and operating expenses in its premium rates." We noted in our audit report on the same Corporation for the fiscal year 1955 (p. 3, H. Doc. 382, 84th Cong., 2d sess.) that "provision for the recovery of administrative and operating expenses in premium rates requires specific authorization of the Congress which has not yet been granted."

Each year since 1955 annual appropriation acts have authorized the Corporation to pay some of its administrative and operating expenses from the insurance fund. However, in view of the restrictions of the law pertaining to establishment of premium rates, the Corporation could not provide for recovery of administrative and operating expenses in the premium rates. We noted the effect of this in our report to the Congress on the audit of the Federal Crop Insurance Corporation for fiscal year 1958, issued on January 15, 1959, wherein we stated—on page 29:

"* * * therefore, the payment of these expenses from the insurance fund results in depletion of the capital of the Corporation to the extent that the premium rates are inadequate to cover these expenses."

The authority granted by the proposed bill is permissive in that the Corporation is granted authority to fix premiums at such rates as the Board of Directors deems sufficient "to cover all or any part as the Board may determine of administrative costs, operating costs, and the direct cost of loss adjusters for crop inspections and loss adjustments." A mandatory requirement that all costs be recovered in premiums would, no doubt, result in an immediate rate increase. During the 10-year period, 1949–58, the Corporation received appropriations in excess of \$57 million for administrative and operating expenses. In the same period the premiums totaled \$190 million. An increase of 30 percent in the premium rates would have been required to recover the administrative and operating costs. Such an increase would undoubtedly adversely affect participation in the insurance program.

In commenting on premiums charged by the Federal Crop Insurance Corporation, the Commission on Organization of the Executive Branch of the Government (Hoover Commission) in its report on lending agencies, dated March 1955, page 70, recommended:

"That premiums charged by the Federal Crop Insurance Corporation be increased to an amount which will cover losses, the cost of administration, and provide reserves."

In an attachment to a letter dated July 19, 1955, B-124607, to the chairman, Committee on Government Operations, House of Representatives, we gave our views on the Commission's recommendation. We noted at that time that:

"The Commission's recommendation is silent as to when the premium rates should be increased. If it is intended that the rates be adjusted to cover all expenses beginning with the next crop year, we would not concur with the recommendation inasmuch as its adoption would probably decrease producer participation to the point where it would be prohibitive for the Corporation to operate this program."

"We would concur with a recommendation that the rate structure be increased gradually over a period of several years."

We are still of the view that the premium rates should be increased gradually over a period of years. In connection with its consideration of this bill, the Congress may wish to consider establishing a transition period during which the premiums should be adjusted to a level to recover all costs. We have not made a detailed study as to what would be a reasonable period. However, we suggest that perhaps the transition period should be limited to 5 years during

which time the Corporation could continue to charge premium rates that fail to recover all costs.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

Mr. JONES. Thank you, Mr. McLain, Mr. Fretts, and Mr. Evans.
(The following letter, from the American Farm Bureau Federation, received by the subcommittee is inserted at this point in the record:)

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., June 24, 1960.

HON. PAUL C. JONES,
*Chairman, Departmental Oversight and Consumer Relations Subcommittee,
House Agriculture Committee, House of Representatives, Washington, D.C.*

DEAR CONGRESSMAN JONES: We support the provisions of H.R. 5743 and urge its enactment.

The Farm Bureau policy for 1960 with regard to Federal crop insurance is as follows:

"We recommend that the crop insurance program be placed on a sound actuarial basis, that premiums include reasonable charges for administrative expenses, and that careful study be given to the desirability of converting Federal crop insurance to a reinsurance program for privately operated crop insurance companies.

"We further recommend that affirmative action by the policyholder be required for the annual renewal of each insurance contract and that the signatures of all parties having an interest in the insured portion of the crop be required on crop insurance applications."

We ask that this letter be made a part of the hearing record with regard to this matter.

Sincerely yours,

JOHN C. LYNN, *Legislative Director.*

(Whereupon, at 10:35 a.m., the hearing was concluded.)

PROMOTE FOREIGN TRADE OF THE UNITED STATES
IN GRAPES AND PLUMS

S. 1857

JUNE 24, 1960

PROMOTE THE FOREIGN TRADE OF THE UNITED STATES IN GRAPES AND PLUMS

FRIDAY, JUNE 24, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENTAL OVERSIGHT
AND CONSUMER RELATIONS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10:35 a.m., pursuant to notice, in room 1310, New House Office Building, Hon. Paul C. Jones (chairman of the subcommittee) presiding.

Present: Representatives Jones, Hagen, Jennings, Dixon, and Dague.

Also present: Christine S. Gallagher, clerk.

Mr. JONES. The next bill that we will take up will be S. 1857. (S. 1857 follows:)

[S. 1857, 86th Cong., 2d sess.]

AN ACT To promote the foreign trade of the United States in grapes and plums, to protect the reputation of American-grown grapes and plums in foreign markets, to prevent deception or misrepresentation as to the quality of such products moving in foreign commerce, to provide for the commercial inspection of such products entering such commerce, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it shall be unlawful for any person to ship or offer for shipment or for any carrier, or any steamship company, or any person to transport or receive for transportation to any foreign destination, except as provided in this Act, any grapes or plums in packages which are not accompanied by a certificate issued under authority of the Secretary showing that such grapes or plums are of a Federal or State grade which meets the minimum of quality established by the Secretary for shipment in export. The Secretary is authorized to prescribe, by regulations, the requirements, other than those of grades, which the fruit must meet before certificates are issued. The Secretary shall provide opportunity, by public hearing or otherwise, for interested persons to examine and make recommendation with respect to any standard of export proposed to be established or designated, or regulation prescribed, by the Secretary for the purposes of this Act.

SEC. 2. The Secretary shall give reasonable notice through one or more trade papers of the effective date of standards of export established or designated by him under this Act: *Provided*, That any grapes or plums may be certified and shipped for export in fulfillment of any contract made within two months prior to the date of such shipment if the terms of such contract were in accordance with the grades and regulations of the Secretary in effect at the time the contract was made.

SEC. 3. Where the government of the country to which the shipment is to be made has standards or requirements as to condition of grapes and plums the Secretary may in addition to inspection and certification for compliance with the standards established or designated hereunder inspect and certify for determination as to compliance with the standards or requirements of such foreign government and may provide for special certificates in such cases.

SEC. 4. The Secretary may, by regulation, exempt from compliance with the provisions of this Act the shipment of such minimum quantities of grapes and plums to any foreign country as he may prescribe.

SEC. 5. For inspecting and certifying the grade, quality, or condition of grapes or plums the Secretary shall cause to be collected a reasonable fee which shall, as nearly as may be, cover the cost of the service rendered: *Provided*, That when cooperative arrangement satisfactory to the Secretary, or his designated representative, for carrying out the purposes of this Act cannot be made the fees collected hereunder in such cases shall be available until expended to defray the cost of the service rendered, and such cases the limitations on the amounts expended for the purchase and maintenance of motor-propelled passenger-carrying vehicles shall not be applicable: *Provided further*, That certificates issued by the authorized agents of the United States Department of Agriculture shall be received in all courts of the United States as prima facie evidence of the truth of the statements therein contained.

SEC. 6. After opportunity for hearing the Secretary is authorized to refuse the issuance of certificates under this Act for periods not exceeding ninety days to any person who ships or offers for shipment any grapes or plums in foreign commerce in violation of any of the provisions of this Act. Any person or any common carrier or any transportation agency violating any of the provisions of this Act shall be fined not less than \$100 nor more than \$10,000 by a court of competent jurisdiction.

SEC. 7. The Secretary may make such rules, regulations, and orders, and require such reports, as may be necessary to carry out the provisions of this Act, and may cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency, or political subdivision thereof, or any person, whether operating in one or more jurisdictions; and shall have the power to appoint, remove, and fix the compensation of such officers and employees not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, binding, telegrams, telephones, law books, books of reference, publications, furniture, stationery, office equipment, travel, and other supplies and expenses including reporting services, as shall be necessary to the administration of this Act in the District of Columbia and elsewhere, and as may be appropriated for by Congress. This Act shall not abrogate nor nullify any other statute, whether State or Federal, dealing with the same subjects as this Act; but it is intended that all such statutes shall remain in full force and effect except insofar as they are inconsistent herewith or repugnant hereto.

SEC. 8. If any provision of the Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 9. That when used in this Act—

(1) The term "person" includes individuals, partnerships, corporations, and associations.

(2) The term "Secretary" means the Secretary of Agriculture.

(3) Except as provided herein, the term "foreign commerce" means commerce between any State, or the District of Columbia, and any place outside of the United States or its possessions.

(4) The term "grapes" means vinifera species table grapes, European type, whether or not they have been in storage.

(5) The term "plums" means both European and Japanese type, whether or not they have been in storage, but does not mean Italian-type prunes, nor damson-type plums.

Passed the Senate May 4, 1960.

Attest:

FELTON M. JOHNSTON, *Secretary*.

Mr. JONES. Mr. Floyd F. Hedlund, the Deputy Director of the Fruit and Vegetable Division of the USDA.

STATEMENT OF FLOYD F. HEDLUND, DEPUTY DIRECTOR, FRUIT AND VEGETABLE DIVISION, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. JONES. Do you have a prepared statement?

Mr. HEDLUND. Yes; I have a very brief statement which I would like to make.

Mr. JONES. All right; you may just be seated.

Mr. HEDLUND. My name is Floyd Hedlund. I am Deputy Director of the Fruit and Vegetable Division of the Department of Agriculture.

The purpose of Senate bill 1857 is to promote the foreign trade of American-grown grapes and plums; to protect the reputation of U.S. grapes and plums by providing for inspection of these commodities to prevent deception or misrepresentation as to quality of these commodities marketed in the export channels of trade. The Department is in accord with the purposes set forth and favors the enactment of the bill.

To accomplish these purposes, this bill would make it unlawful for any person either to ship, offer or accept for shipment, to transport or receive for transportation to any foreign destination European-type grapes or European- and Japanese-type plums—except Italina-type prunes and damson-type plums—in packages unless accompanied by a certificate showing that these products meet minimum quality requirements established by the Secretary of Agriculture. The Secretary would be authorized to make such rules and regulations as may be necessary to carry out the provisions of this bill.

This bill is very similar in its purpose and provisions to the Export Apple and Pear Act, which was enacted in 1938 and is administered by the Department of Agriculture.

The bill would require the Secretary to provide opportunity, by public hearing or otherwise, for interested persons to examine and make recommendations with respect to any proposed standards of export or regulations prescribed by him for the purposes of this legislation.

It would further require the Secretary to give reasonable notice, through one or more trade papers, of the effective date of standards of export established by him provided that grapes or plums may be certified and shipped for export in fulfillment of any contracts made within 2 months prior to the date of shipment if the terms of such contracts were in accordance with the grades and regulations in effect at the time the contracts were made. The bill would require collection of a reasonable fee to cover the cost of inspection services rendered in certifying grapes and plums for export.

The bill would authorize the Secretary, after giving opportunity for hearing, to refuse the issuance of certificates under the legislation for periods not exceeding 90 days to any person who ships or offers for shipment any grapes and plums in violation of the regulations. Any person, carrier, or transportation agency violating any provisions of this measure would be subject to a fine of not less than \$100 or more than \$10,000 by a court of competent jurisdiction.

In addition to the cost of inspection services, which would be covered by fees, the enactment of the proposed legislation would result in an estimated additional annual cost of approximately \$7,500 of appropriated funds for promulgation, administration, and enforcement of the required export standards.

It is our considered opinion that it is essential for U.S. fruit growers to export quality fruit if they are to maintain or improve their position in the fruit markets of the world. This becomes even more essential in view of the current expansion of fruit production, not only in this country, but in those countries competing with us in the foreign markets.

Mr. JONES. That concludes your statement?

Mr. HEDLUND. That is my statement.

Mr. JONES. Are the producers and the trade in favor of this legislation, or have you any information on that?

Mr. HEDLUND. Well, this bill was sponsored by the California Grape and Tree Fruit League, which organization filed a statement in the hearing in the Senate, and they are known to be interested and are supporting this measure. They represent to a large extent the producers and handlers of grapes and plums.

Most of these commodities that we are talking about are grown in the State of California.

Mr. JONES. I am sure the gentlemen from California might have some questions.

Mr. HAGEN. This applies to fresh and not to canned grapes and plums?

Mr. HEDLUND. It applies only to fresh.

Mr. DAGUE. What is a damson-type plum? What is the difference?

Mr. HEDLUND. A damson-type plum is a small plum grown in many areas of the United States, which is mainly used in making plum jam. It is not dealt with to any extent in the commercial channels of trade.

Mr. DAGUE. What is the difference between Italian-type plums and the domestic type?

Mr. HEDLUND. The plums that are being talked about here are the so-called plums that are grown in the lower part of the west coast and do not include Italian prunes which are grown primarily in the Northwest, in Washington and Oregon and Idaho. They are not particularly an export item, and they wanted to be excluded from this legislation.

Mr. DAGUE. I saw a quantity of them in storage one time in that cave outside of Topeka, Kans.; there must have been thousands of cases of them, and they were about as large as your thumb.

Mr. HEDLUND. They were dried prunes, which is quite another item.

The Italian prune is a fresh prune of a particular category, a dark purple fruit which you will see on the markets here coming August and September. But these prunes that you saw in the cave, which I recall very well, were dried prunes, which come mainly from out in the bay area of California.

Mr. HAGEN. When they ship these commodities, are they sold at auction overseas, or are they under firm contract?

Mr. HEDLUND. That depends, Mr. Congressman. Many of them are sold at auction, but you would have to say that many of those had

been sold under private treaty. Exporters in this country prefer, like everybody else, to sell their products on an F.A.S. basis, that is, firm sale before they leave here. But many of them are sold on a commission basis, that is, they are consigned to markets in Europe, to an agent who sells them there for what he can get. And many of our export markets were built up under a consignment arrangement.

But of course, anybody likes to have a firm sale before he ships the product.

Mr. HAGEN. As I understand the problem, probably they have had some bad experiences in mediocre fruit going overseas, so that there is less acceptance of the American product, and that is what they want to correct.

Mr. HEDLUND. That is the problem exactly. When a cargo of fruit arrives with heavy decay and heavy waste, it makes a bad name for our industry and results in losses of money to the handlers and, of course, doesn't do our future prospects any good.

Mr. JONES. During the harvest season, does the Department of Agriculture maintain inspectors at these points of packaging for packing?

Mr. HEDLUND. Yes, sir. The Department of Agriculture maintains an inspection service, primarily a Federal-State arrangement with the various States where inspection service is offered at most any point that it is desired.

Now, that inspection must be paid for by the user, it is a self-paying organization, so that the user must pay for the inspection. However, the inspection that we are talking about in this legislation may be made at any point even up to the time of export.

The grapes that you are considering here will be primarily emperor grapes, because they are the variety that is exported. They are stored in this country, very largely. We have grapes going into storage in October, and they may be there until April or May. Well, this inspection could take place at any particular time. Of course, if it is going to be exported directly from the packing shed, why, it would be ideal to have the inspection at the time of packing.

Mr. JONES. Did I understand when you read from your statement a minute ago that there would be an additional cost of only \$7,500?

Mr. HEDLUND. Yes, sir. That is what we figured would be the administrative cost of setting up and enforcing these regulations.

Mr. HAGEN. And that wouldn't be a repeat item, that would be an initial item?

Mr. HEDLUND. Well, it would be largely a repeat item, Mr. Congressman.

Now, the initial item will be issuing the rule. And then the principal expense thereafter is going to be checking up on exports, because you are never going to know what happens until you do a little checking of what is exported.

Mr. HAGEN. I was going to say, presumably the magnitude of the initial year would be larger than the succeeding years.

Mr. HEDLUND. You are quite right, sir. It will be larger, because we will have to go through hearings, or at least a rulemaking procedure, before you get a rule that will be acceptable to the trade and acceptable to the Secretary, and that will take some little expense.

Actually, if this became law, there could be nothing done for the plum season this year, because the season is on right now, as you know, and will be over before too long. The grape season, of course, is another matter, and our main export season will start late this fall.

Mr. JONES. I can't imagine any service, though, that could be performed by the Government for only \$7,500; that was the thing that was going through my mind. That wouldn't even provide putting on one full-time man. And I cannot imagine one person making too great a contribution to an industry that I had always imagined was of such magnitude.

Mr. HEDLUND. Well, sir, we have had a little experience with the export and apple and pear act for 27 years, and our costs under that have been limited to \$10,000 a year, and they are considerably bigger export items than plums and grapes. After the rules are published, we will not have any full-time people working on those programs. We will have a person who, in connection perhaps with other work, will make the checks, will audit the carriers, for example—and we will enforce this primarily through the steamship companies. We have just completed, as a matter of fact, an audit of steamship company records in many ports in connection with the export apple and pear act.

Most of those haven't involved more than a few days' time by a person who has other responsibilities. So that maybe we are wrong, maybe we are being too conservative in that, but we don't believe that it will be extremely expensive, and we would, of course, expect to do it in connection with the apple and pear export act, which may make a few savings.

Mr. HAGEN. Of course, these fees will return a large part of the costs.

Mr. HEDLUND. Well, the fees are for inspection only. We cannot use the fee money on inspection to take care of the administration. But the inspection itself, which is an expensive item, will be taken care of by fees. That cost generally runs \$12 a carload. But that is a fee that the exporter or the applicant for the inspection must pay.

Mr. DIXON. Is the inspector at the car one of your appointees?

Mr. HEDLUND. He is licensed by the Department of Agriculture. Most of our inspection services run on a Federal-State arrangement; that is, an agreement between the Federal Department and the State department of agriculture in California, for example. And the fee is collected, and that pays the cost of the inspection. That inspector is a State employee of the State of California. However, before he can inspect, he must have a Federal license. And we license the man, and have control over him as far as grade interpretation is concerned. He is actually a State employee, but he is licensed by the U.S. Department of Agriculture.

Mr. DIXON. The one that catches defective products right at the car?

Mr. HEDLUND. Yes, sir.

Mr. DIXON. What use is there to audit the steamship companies' records, then?

Mr. HEDLUND. Because if a man inspects a car of plums at the shipping point we never know whether it is going to be exported or not. The only way we have found to check whether it is actually exported

and whether it did comply or not is to check what went on the boat. And we do that by checking the steamship companies.

Mr. DIXON. It might spoil between the time it was loaded on the car and got on the steamship.

Mr. HEDLUND. It is possible. But these people are going to take pretty good care of their product.

Mr. DIXON. There is no inspection on the steamship?

Mr. HEDLUND. There is no necessary requirement of inspection on the steamship. Of course, the Secretary may make a requirement that the inspection must have been made within a prescribed time prior to export, so that he could catch those things.

But, on your grapes, for example, most of them I think are exported out of cold storage, and they will have a pretty good check on those; they will be shipped under refrigeration and exported under refrigeration.

Mr. JONES. In other words, you have here a penalty for any steamship line accepting any commodity included in this bill that does not have a certificate showing that it has been inspected and has met the necessary standard?

Mr. HEDLUND. Yes, sir.

Mr. HAGEN. I think the committee might be interested to know that they ship grapes surrounded by sawdust, ordinarily. This reflects the great care they devote to their products.

Mr. HEDLUND. Yes, sir.

Mr. HAGEN. Each grape is surrounded by a layer of sawdust. And then they keep it in cold storage.

Mr. JONES. Are there any other questions on this particular piece of legislation?

(No response.)

Mr. JONES. Thank you very much, Mr. Hedlund.

(Whereupon, at 10:50 a.m., the hearing was concluded.)

EASEMENT GRANT OVER CERTAIN LANDS

H.R. 12695

JUNE 24, 1960

EASEMENT GRANT OVER CERTAIN LANDS

FRIDAY, JUNE 24, 1960

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DEPARTMENTAL
OVERSIGHT AND CONSUMER RELATIONS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 1310, New House Office Building, Hon. Paul C. Jones (chairman of the subcommittee) presiding.

Present: Representatives Jones, Hagen, Jennings, Dixon, and Dague.

Also present: George M. Grant, of the full committee, and Christine S. Gallagher, clerk.

Mr. JONES. The committee will come to order.

We are going to take up H.R. 12695 first, because I think we can dispose of that in pretty short order.

(H.R. 12695 follows:)

[H.R. 12695, 86th Cong., 2d sess.]

A BILL To authorize the Secretary of Agriculture to grant an easement over certain lands to the trustees of the Cincinnati Southern Railway, their successors and assigns

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, the Secretary of Agriculture is authorized, upon such terms as he may deem advisable, to grant and convey by proper instrument a perpetual easement to the trustees of the Cincinnati Southern Railway, their successors and assigns, in, upon, across, and over national forest lands and other lands under the jurisdiction of the Department of Agriculture for the construction, maintenance, and operation of the line of railway incident to the relocation of its main line between Tateville, Kentucky, and Flat Rock, Kentucky, and for any related purpose deemed appropriate by the Secretary: *Provided*, That such easement (a) shall be granted only upon a finding by the Secretary that it will not be incompatible with the public interest, (b) shall not include any more land than is reasonably necessary for the purpose for which granted, (c) shall include provisions for payment of adequate compensation, and (d) may include a right to use from the subject lands materials and products for the construction and maintenance of authorized improvements thereon upon the payment of adequate compensation therefor.

SEC. 2. All or any part of such easement may be annulled or forfeited by declaration of the Secretary for failure to comply with the terms of the grant or for nonuse for a period of two consecutive years or abandonment of rights granted under authority hereof.

Mr. JONES. Mr. Grant is the author of this bill.

Do you care to make a statement?

STATEMENT OF GEORGE M. GRANT, A REPRESENTATIVE IN CONGRESS FROM THE SECOND DISTRICT OF THE STATE OF ALABAMA

MR. GRANT. Thank you, Mr. Chairman.

This bill was introduced by request, and its companion bill has passed the Senate.

MR. JONES. S. 3665?

MR. GRANT. Yes.

So if the committee reports a bill, I would ask that the Senate bill be substituted. And Mr. Echols is here to testify on it.

MR. JONES. I would like the record to show that we do have a report on S. 3665, which is an identical bill with H.R. 12695, a letter from the Department recommending the passage of this legislation, and also indicating that the Bureau of the Budget has no objection to the submission of the report which is signed by True D. Morse, Acting Secretary.

(The report and letter referred to follow:)

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 16, 1960.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR SENATOR ELLENDER: This is in response to your request of June 15, 1960, for a report from this Department on S. 3665, a bill to authorize the Secretary of Agriculture to grant an easement over certain lands to the trustees of the Cincinnati Southern Railway, their successors and assigns.

We recommend that S. 3665 be enacted.

This bill would authorize the Secretary of Agriculture upon such terms as he may deem advisable to grant an easement to the trustees of the Cincinnati Southern Railway across national-forest lands in connection with the relocation of its main line between Tateville and Flat Rock, Ky. The easement would be granted only upon a finding that it would not be incompatible, would include no more land than reasonably necessary, would contain provisions for payment of adequate compensation, and could include provisions permitting the use of materials for construction and maintenance purposes upon payment therefor. The easement could be annulled or forfeited for failure to comply with its terms or for nonuse for 2 years or abandonment.

The main line which the railway desires to relocate is between Tateville and Flat Rock, Ky., with a total length of about 11 miles. About three-fourths of the relocated line would traverse national-forest land in the Cumberland National Forest administered under laws applicable to lands acquired under the Weeks law of March 1, 1911 (36 Stat. 961).

There is no present authority under which easements for railroad purposes may be granted across Weeks law lands. This Department has recommended the enactment of legislation which would include such authority.

S. 3665 would provide the discretionary authority to grant the easement which the Cincinnati Southern Railway has indicated is urgently needed to enable it to make a desirable relocation of this segment of its line. The bill contains appropriate provisions to enable the Secretary to fully protect the public interest.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

MR. JONES. Mr. Echols, will you give your name and identify yourself?

STATEMENT OF GEORGE H. ECHOLS, CHIEF ENGINEER, SOUTHERN RAILWAY SYSTEM

Mr. ECHOLS. My name is George H. Echols. I reside in Washington, D.C., and am chief engineer of the Southern Railway System, in whose behalf I appear, as well as that of the Cincinnati Southern.

My statement is confined to the need for legislation to enable the granting of railroad right-of-way easement in the Cumberland National Forest, and I will endeavor to show briefly the necessity for our particular location for the establishment of a needed revision of a line of railroad, and the great difficulties encountered when that location embraces areas within Weeks Act forests.

Such an example is our projected revision of a main line between Tateville, Ky., and Flat Rock, Ky., with a total length of 11.1 miles. Eight and one-half miles of the project traverses the Cumberland National Forest. This project has been engineered and planned to follow a line which will result in minimum curvatures and grades. It will be entirely free of any tunnels. On this line, maximum grade can be held to 0.8 percent and maximum curvature to $2\frac{1}{4}^{\circ}$.

This proposed improvement will allow considerably increased speeds, which will reduce the time necessary to traverse the distance between the above-mentioned points compared to the time required over the existing track now in use between the two points.

The portion of the present line now in use and for which the new line will be substituted has a maximum grade of 1.47 percent and maximum curvature of 6° .

On the existing line we have speed restrictions due to excessive curvature, which would be eliminated.

Mr. JONES. Mr. Echols, let me ask you, do you have an extra copy that you can supply the reporter?

Mr. ECHOLS. I am skipping through it. We can leave this copy.

Mr. JONES. I think as a matter of expediency—we have here in the bill that the easement:

* * * shall be granted only upon a finding by the Secretary that it will not be incompatible with the public interest, (b) shall not include any more land than is reasonably necessary for the purpose for which granted, (c) shall include provisions for payment of adequate compensation, and (d) may include a right to use from the subject land materials and products for the construction—

and so forth.

If any member of the committee has any questions, I would be happy to recognize them.

Mr. HAGEN. I judge this bill is confined to that particular stretch of railroad between Tateville and Flat Rock?

Mr. ECHOLS. Yes, sir.

Mr. JONES. And I should have added a minute ago, this bill passed the Senate on June 18.

Mr. HAGEN. Is there anyone objecting to it?

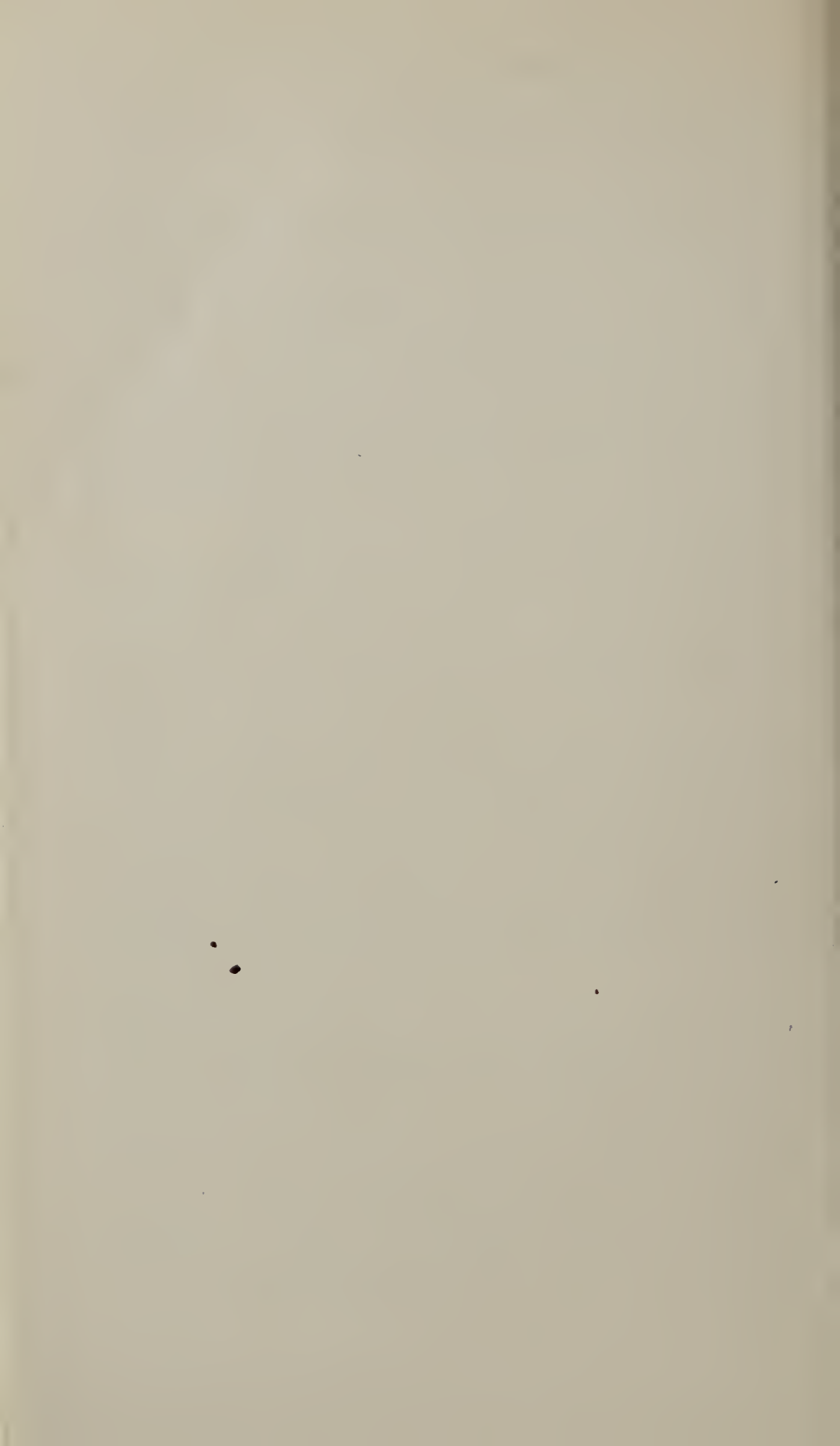
Mr. JONES. We have a report from the Department.

Mr. HAGEN. Any conservation groups?

Mr. JONES. I haven't heard of any.

If there is nothing else, thank you for appearing.

(Whereupon, at 10:20 a.m., the hearing was concluded.)



LEGISLATIVE HISTORY

Public Law 86-793
S. 3533

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Index and summary of S. 35331
Digest of Public Law 86-7932

INDEX AND SUMMARY OF S. 3533

- May 11, 1960 Sen. Young, N. Dak., introduced S. 3533 which was referred to the Senate Agriculture and Forestry Committee. Print of bill as introduced.
- Reps. Poage and Short introduced H. R. 12182 and H. R. 12184 which were referred to the House Agriculture Committee. Prints of bills.
- May 12, 1960 Rep. McGinley introduced H. R. 12201 which was referred to the House Agriculture Committee. Print of bill as introduced.
- June 28, 1960 Rep. Poage introduced H. R. 12849 which was referred to the House Agriculture Committee. Print of bill as introduced.
- June 29, 1960 Senate committee reported S. 3533 without amendment. S. Report No. 1773. Print of bill and report.
- June 30, 1960 House subcommittee voted to report H. R. 12849.
- July 1, 1960 House committee voted to report H. R. 12849.
- July 2, 1960 Senate passed S. 3533 without amendment.
- Aug. 15, 1960 S. 3533 was referred to the House Agriculture Committee. Print of bill as referred.
- Aug. 18, 1960 House committee reported H. R. 12849 with amendment. H. Report No. 2109. Print of bill and report.
- Aug. 23, 1960 House passed H. R. 12849 as reported.
- Aug. 24, 1960 Senate received H. R. 12849. Sen. Ellender requested consideration of H. R. 12849. Sen. Case, S. Dak., submitted his proposed amendment on wheat; print of H. R. 12849 as received in Senate and copy of proposed amendment.
- Aug. 30, 1960 House passed S. 3533 with amendment (substituted language of H. R. 12849).
- Aug. 31, 1960 Senate concurred in House amendment.
- Sept. 14, 1960 Approved: Public Law 86-793.

DIGEST OF PUBLIC LAW 86-793

PROTECTION OF ACREAGE ALLOTMENTS UNDER CONSERVATION PROGRAMS. Amends the Soil Conservation and Domestic Allotment Act of 1938 and the Soil Bank Act so as to provide that the protection of cropland acreage and of diverted acreage used in determining acreage allotments and marketing quotas, that is provided in these Act during the life of the contract for farmland retired under the Great Plains Conservation Program and the Conservation Reserve Program, would be extended for an additional period beyond the termination of the contract equal to the period of the contract. The purpose is to promote soil conservation and to reduce agricultural surpluses by continuing for an additional period the preservation of the acreage allotment history of farmland previously retired under the Great Plains and Conservation Reserve Programs if the farmland is kept under a soil-conserving practice.

86TH CONGRESS
2D SESSION

S. 3533

IN THE SENATE OF THE UNITED STATES

MAY 11, 1960

Mr. YOUNG of North Dakota introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 16 of the Soil Conservation and Domestic Allot-
4 ment Act of 1938, as amended, is amended as follows:

5 (1) Paragraph (3) of subsection (b) is amended to
6 read as follows:

7 “(3) insofar as the acreage of cropland on any farm
8 enter into the determination of acreage allotments and
9 marketing quotas under the Agricultural Adjustment
10 Act of 1938, as amended, the cropland acreage on the

1 farm shall not be decreased during the period of any
2 contract heretofore or hereafter entered into under this
3 subsection by reason of any action taken for the purpose
4 of carrying out such contract and, under regulations of
5 the Secretary, shall not be decreased, for such period
6 after the expiration of the contract as is equal to the
7 period of the contract, by reason of the maintenance of
8 any change in land use from cultivated cropland to per-
9 manent vegetation carried out under the contract;”

10 (2) Paragraph (4) of subsection (b) is amended to
11 read as follows:

12 “(4) the acreage on any farm which is determined
13 under regulations of the Secretary to have been di-
14 verted from the production of any commodity subject to
15 acreage allotments or marketing quotas in order to carry
16 out any contract heretofore or hereafter entered into
17 under the program or in order to maintain, for such
18 period after the expiration of the contract as is equal
19 to the period of the contract, any change in land use
20 from cultivated cropland to permanent vegetation car-
21 ried out under the contract shall be considered acreage
22 devoted to the commodity for the purposes of establish-
23 ing future State, county, and farm acreage allotments
24 under the Agricultural Adjustment Act of 1938, as
25 amended;”.

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

By Mr. Young of North Dakota

MAY 11, 1960

Read twice and referred to the Committee on
Agriculture and Forestry

86TH CONGRESS
2D SESSION

H. R. 12182

IN THE HOUSE OF REPRESENTATIVES

MAY 11, 1960

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 16 of the Soil Conservation and Domestic Allot-
4 ment Act of 1938, as amended, is amended as follows:

5 (1) Paragraph (3) of subsection (b) is amended to
6 read as follows:

7 “(3) insofar as the acreage of cropland on any farm
8 enter into the determination of acreage allotments and
9 marketing quotas under the Agricultural Adjustment Act
10 of 1938, as amended, the cropland acreage on the farm

1 shall not be decreased during the period of any contract
2 heretofore or hereafter entered into under this subsection
3 by reason of any action taken for the purpose of carrying
4 out such contract and, under regulations of the Secretary,
5 shall not be decreased, for such period after the expira-
6 tion of the contract as is equal to the period of the con-
7 tract, by reason of the maintenance of any change in
8 land use from cultivated cropland to permanent vegeta-
9 tion carried out under the contract;”

10 (2) Paragraph (4) of subsection (b) is amended to
11 read as follows:

12 “(4) the acreage on any farm which is determined
13 under regulations of the Secretary to have been diverted
14 from the production of any commodity subject to acreage
15 allotments or marketing quotas in order to carry out any
16 contract heretofore or hereafter entered into under the
17 program or in order to maintain, for such period after
18 the expiration of the contract as is equal to the period of
19 the contract, any change in land use from cultivated
20 cropland to permanent vegetation carried out under the
21 contract shall be considered acreage devoted to the com-
22 modity for the purposes of establishing future State,
23 county, and farm acreage allotments under the Agricul-
24 tural Adjustment Act of 1938, as amended.”

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

By Mr. POAGE

MAY 11, 1960

Referred to the Committee on Agriculture

86TH CONGRESS
2D SESSION

H. R. 12184

IN THE HOUSE OF REPRESENTATIVES

MAY 11, 1960

Mr. SHORT introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 16 of the Soil Conservation and Domestic Allot-
4 ment Act of 1938, as amended, is amended as follows:

5 (1) Paragraph (3) of subsection (b) is amended to
6 read as follows:

7 “(3) insofar as the acreage of cropland on any farm
8 enter into the determination of acreage allotments and
9 marketing quotas under the Agricultural Adjustment
10 Act of 1938, as amended, the cropland acreage on the

1 farm shall not be decreased during the period of any
2 contract heretofore or hereafter entered into under this
3 subsection by reason of any action taken for the purpose
4 of carrying out such contract and, under regulations of
5 the Secretary, shall not be decreased, for such period
6 after the expiration of the contract as is equal to the
7 period of the contract, by reason of the maintenance of
8 any change in land use from cultivated cropland to
9 permanent vegetation carried out under the contract;”.

10 (2) Paragraph (4) of subsection (b) is amended to
11 read as follows:

12 “(4) the acreage on any farm which is determined
13 under regulations of the Secretary to have been diverted
14 from the production of any commodity subject to acre-
15 age allotments or marketing quotas in order to carry out
16 any contract heretofore or hereafter entered into under
17 the program or in order to maintain, for such period
18 after the expiration of the contract as is equal to the
19 period of the contract, any change in land use from cul-
20 tivated cropland to permanent vegetation carried out
21 under the contract shall be considered acreage devoted
22 to the commodity for the purposes of establishing future
23 State, county, and farm acreage allotments under the
24 Agricultural Adjustment Act of 1938, as amended;”.

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

By Mr. SHORT

MAY 11, 1960

Referred to the Committee on Agriculture

86TH CONGRESS
2D SESSION

H. R. 12201

IN THE HOUSE OF REPRESENTATIVES

MAY 12, 1960

MR. MCGINLEY introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Soil Bank Act to provide that land devoted to conserving uses after the expiration of a conservation reserve contract may continue to be counted in the determination of acreage allotments and marketing quotas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) paragraph (1) of section 112 of the Soil Bank
4 Act (7 U.S.C., sec. 1836 (1)) is amended by inserting im-
5 mediately after "under such contract" the following: " , and,
6 under regulations of the Secretary, shall not be considered to
7 be decreased after the termination of the period of the
8 contract by reason of the continued maintenance of such
9 conserving use if such conserving use is maintained in a sat-

1 isfactory condition, except that if the period of such con-
2 tract terminated before January 30, 1960, the appropriate
3 county committee shall determine, on the basis of equity and
4 fairness, the extent to which such cropland will not be con-
5 sidered to be decreased after the termination of the period of
6 the contract”.

7 (b) Paragraph (2) of such section (7 U.S.C., sec.
8 1836 (2)) is amended by inserting immediately before the
9 period at the end thereof the following: “, and, under regu-
10 lations of the Secretary, such acreage shall be considered to
11 continue to be so devoted after the expiration of the period
12 of the contract for so long as the conserving use provided
13 for in the contract is maintained in a satisfactory condition,
14 except that if the period of such contract terminated before
15 January 30, 1960, the appropriate county committee shall
16 determine on the basis of equity and fairness the extent to
17 which such acreage shall be considered to continue to be so
18 devoted”.

19 (c) The amendments made by this Act shall be effec-
20 tive on and after January 1, 1960.

A BILL

To amend the Soil Bank Act to provide that land devoted to conserving uses after the expiration of a conservation reserve contract may continue to be counted in the determination of acreage allotments and marketing quotas.

By Mr. McGINLEY

MAY 12, 1960

Referred to the Committee on Agriculture

86TH CONGRESS
2D SESSION

H. R. 12849

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 1960

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 16 of the Soil Conservation and Domestic Allot-
4 ment Act of 1938, as amended, is amended as follows:

5 (1) Paragraph (3) of subsection (b) is amended to
6 read as follows:

7 “(3) insofar as the acreage of cropland on any
8 farm enters into the determination of acreage allotments
9 and marketing quotas under the Agricultural Adjust-

1 ment Act of 1938, as amended, the cropland acreage
2 on the farm shall not be decreased during the period
3 of any contract heretofore or hereafter entered into
4 under this subsection by reason of any action taken for
5 the purpose of carrying out such contract and, under
6 regulations of the Secretary, shall not be decreased,
7 for such period after the expiration of the contract as
8 is equal to the period of the contract, by reason of the
9 maintenance of any change in land use from cultivated
10 cropland to permanent vegetation carried out under the
11 contract;”

12 (2) Paragraph (4) of subsection (b) is amended to
13 read as follows:

14 “(4) the acreage on any farm which is determined
15 under regulations of the Secretary to have been diverted
16 from the production of any commodity subject to acreage
17 allotments or marketing quotas in order to carry out any
18 contract heretofore or hereafter entered into under the
19 program or in order to maintain, for such period after
20 the expiration of the contract as is equal to the period
21 of the contract, any change in land use from cultivated
22 cropland to permanent vegetation carried out under the
23 contract shall be considered acreage devoted to the com-
24 modity for the purposes of establishing future State,

1 county, and farm acreage allotments under the Agricul-
2 tural Adjustment Act of 1938, as amended.”

3 SEC. 2. Section 112 of the Soil Bank Act, as amended,
4 is amended as follows:

5 (1) Paragraph (1) is amended to read as follows:

6 “(1) insofar as the acreage of cropland on any farm
7 enters into the determination of acreage allotments and
8 marketing quotas under the Agricultural Adjustment
9 Act of 1938, as amended, the cropland acreage on the
10 farm shall not be decreased during the period of any
11 contract heretofore or hereafter entered into under this
12 subtitle by reason of any action taken for the purpose of
13 carrying out such contract and, under regulations of the
14 Secretary, shall not be decreased, for such period after
15 the expiration of the contract as is equal to the period
16 of the contract, by reason of the maintenance of any
17 change in land use from cultivated cropland to perma-
18 nent vegetation carried out under the contract;”

19 (2) Paragraph (2) is amended to read as follows:

20 “(2) the acreage on any farm which is deter-
21 mined under regulations of the Secretary to have been
22 diverted from the production of any commodity subject
23 to acreage allotments or marketing quotas in order to
24 carry out any contract heretofore or hereafter entered

1 into under this subtitle or in order to maintain, for such
 2 period after the expiration of the contract as is equal
 3 to the period of the contract, any change in land use
 4 from cultivated cropland to permanent vegetation car-
 5 ried out under the contract shall be considered acreage
 6 devoted to the commodity for the purposes of establish-
 7 ing future State, county, and farm acreage allotments
 8 under the Agricultural Adjustment Act of 1938, as
 9 amended."

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments.

By Mr. Poage

JUNE 28, 1960

Referred to the Committee on Agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

Issued June 30, 1960
For actions of June 29, 1960
86th-2d, No. 121

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HIGHLIGHTS: House Rules Committee cleared sugar bill. House passed bill to extend Mexican farm labor program. Rep. Cannon urged enactment of farm bill. Rep. Cooley summarized provisions of sugar bill. Senate passed road authorization bill, including forest roads. Senate committee reported nomination of Carl J. Stephens to be USDA General Counsel. Senate received supplemental appropriation estimate for poultry inspection. Senate committee reported State-Justice appropriation bill. House received conference report on general Government matters appropriation bill.

SENATE

1. ROADS; FORESTRY. By a vote of 80 to 0, passed with amendments H. R. 10495, the highway authorization bill, which authorizes \$33,000,000 for forest highways for each of the fiscal years 1962 and 1963, and \$35,000,000 and \$40,000,000 for the fiscal years 1962 and 1963, respectively, for forest development roads and trails (pp. 13858-75). Agreed to an amendment by Sen. Russell to authorize an additional \$500,000 for construction of road on forest land in Ga. (pp. 13863-4). Conferees were appointed (p. 13875). The report of the Public Works Committee on this bill includes the following statements:

"The committee has approved an increase in the annual authorization for forest development roads and trails as proposed in H. R. 10495. This will measurably advance the program for the national forests. It considered but did not adopt an amendment which would establish authority for the Forest Service in the Department of Agriculture to develop a complete system of forest roads. Action was deferred in order that the committee may continue to explore this subject. ***

"The committee will conduct further studies, and, among other questions, will consider the request of the Secretary of Agriculture to condition the right to cross national forest lands by private parties upon receiving from these private parties necessary rights to move national forest products across their lands. It will also review the adequacy of present law as it relates to the construction and maintenance of forest roads by timber purchasers, including the request of the Secretary of Agriculture for a system of fees and deposits in lieu of requiring that purchasers and users perform maintenance work. Public notice of hearings will be given so that interested parties may present testimony. These studies will be coordinated with other Senate committees. The committee also recommends that the Department of Agriculture continue, as in the recent past, to present to the Committee on Appropriations for the fiscal years 1962 and 1963 requests for such additional funds as may be needed to purchase or condemn roads. Their requests should include a history of past negotiations, their results, and the losses in revenues and other values caused by inability to apply the principles of multiple use and sustained yield to these national forest areas. Condemnation of rights-of-way for roads should be vigorously utilized."

2. ACREAGE ALLOTMENTS; GREAT PLAINS. The Agriculture and Forestry Committee reported without amendment S. 3533, to provide that the protection of cropland acreage and of diverted acreage used in determining acreage allotments and marketing quotas, that is provided by law under the Great Plains Conservation Program during the life of the contract, would be extended after termination of the contract for an additional period equal to the period of the contract (S. Rept. 1773). p. 13774
3. LANDS. The Agriculture and Forestry Committee reported S. 3247, with amendment to authorize the sale of a tract of forest land to the city of Keosauqua, Iowa (S. Rept. 1769), and S. 3759, with amendment, to authorize an exchange of lands between ARS and Auburn University, Ala. (S. Rept. 1772). p. 13774
4. SURPLUS COMMODITIES. The Agriculture and Forestry Committee reported with amendment S. 3146, to authorize CCC to donate dairy products and other agricultural commodities for use in home economics courses (S. Rept. 1771). p. 13774
5. NOMINATIONS. The Agriculture and Forestry Committee reported the nomination of Carl J. Stephens to be General Counsel of this Department. p. 13774
6. PUBLIC WORKS APPROPRIATION BILL, 1961. The Appropriations Committee reported with amendment this bill, H. R. 12326 (S. Rept. 1768). p. 13774
7. APPROPRIATIONS. Received from the President a supplemental estimate for the fiscal year 1961 (S. Doc. 111); to Appropriations Committee (p. 13774). This document includes \$1,350,000 for the Agricultural Marketing Service to permit inspection of poultry-food products in processing plants during fiscal year 1961.

GREAT PLAINS PROGRAM—PRESERVATION OF ACREAGE
AND CROPLAND HISTORY FOR EXTENDED PERIOD

JUNE 29, 1960.—Ordered to be printed

Mr. YOUNG of North Dakota, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany S. 3533]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 3533) to protect farm and ranch operators making certain land-use changes under the Great Plains conservation program against loss of acreage allotments, having considered the same, report thereon with a recommendation that it do pass without amendment.

This bill would protect acreage allotments of producers who, having diverted cropland to permanent vegetation under the Great Plains program, continue to maintain such permanent vegetation beyond the contract period. The extended protection of acreage and cropland history would be for a period equal to the length of the contract.

DEPARTMENTAL VIEWS

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 23, 1960.

Hon. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR SENATOR ELLENDER: This is in reply to your letter of May 12, 1960, requesting a report by this Department on S. 3533, a bill to protect farm and ranch operators making certain land-use changes under the Great Plains conservation program against loss of acreage allotments.

The Department recommends that the bill be enacted.

The bill would amend section 16(b) of the Soil Conservation and Domestic Allotment Act that authorizes the Great Plains conservation program so that the protection of cropland acreage and of diverted acreage used in determining acreage allotments and marketing quotas,

that is provided by the present law during the life of the contract, would be extended as regards changes in land use from cultivated cropland to permanent vegetation, for an additional period beyond the termination of the contract equal to the period of the contract.

The existing law protects farm and ranch operators during the period of the contract from loss of acreage allotments resulting from either reduction of cropland acreage or diversion of acreage in carrying out the contract. This protection during the contract period enables both participants and nonparticipants to maintain a comparable status in crop histories. However, when the contracts expire the reduced cropland acreage which frequently results from carrying out conservation plans may result, under crop allotment policy, in reducing acreage allotments to correspond with farms of smaller cropland histories. Unless the cropland acreage history and the diverted acreage of farms on which Great Plains contracts are carried out are protected for a reasonable period after the contracts expire as regards changes in land use from cultivated cropland to permanent vegetation carried out under the contracts, those producers desiring to protect their acreage allotment would have no choice but to immediately plow up the acreage converted to permanent vegetation. This would defeat an important purpose of the Great Plains conservation program.

By giving farm and ranch operators the protection provided for in the proposed amendment, they will have a reasonable time after the program measures all are installed and in operation to test their new type of farming. As a result, a large percentage of the lands, which in all probability otherwise will be plowed up in order to protect acreage allotments, will be retained in permanent vegetation. This will protect the Federal investment in the program and also help to prevent a return to the cropping of substandard land.

Enactment of the bill will make a substantial contribution toward attaining the objectives of the Great Plains conservation program without additional Federal costs.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in *roman*):

SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AS AMENDED

LIMITATION ON OBLIGATIONS INCURRED

SEC. 16. (a) The obligations incurred for the purpose of carrying out for any calendar year, the provisions of sections 7 to 14, inclusive, of this Act shall not exceed \$500,000,000. (16 U.S.C. 590p(a)).

GREAT PLAINS CONSERVATION PROGRAM

(b) Notwithstanding any other provision of law—

(1) the Secretary is authorized, within the amounts of such appropriations as may be provided therefor, to enter into contracts of not to exceed ten years with producers in the Great Plains area determined by him to have control for the contract period of the farms or ranches covered thereby. Such contracts shall be designed to assist farm and ranch operators to make, in orderly progression over a period of years, changes in their cropping systems and land uses which are needed to conserve the soil and water resources of their farms and ranches and to install the soil and water conservation measures needed under such changed systems and uses. Such contracts shall be in effect during the period ending not later than December 31, 1971, on farms and ranches in counties in the Great Plains area of the States of Colorado, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming, designated by the Secretary as susceptible to serious wind erosion by reason of their soil types, terrain, and climatic and other factors. The producer shall furnish to the Secretary a plan of farming operations which incorporates such soil and water conservation practices and principles as may be determined by him to be practicable for maximum mitigation of climatic hazards of the area in which the farm is located, and which outlines a schedule of proposed changes in cropping systems and land use and of the conservation measures which are to be carried out on the farm or ranch during the contract period to protect the farm or ranch from erosion and deterioration by natural causes. Under the contract the producer shall agree—

(i) to effectuate the plan for his farm or ranch substantially in accordance with the schedule outlined therein unless any requirement thereof is waived or modified by the Secretary pursuant to paragraph (3) of this subsection;

(ii) to forfeit all rights to further payments or grants under the contract and refund to the United States all payments or grants received thereunder upon his violation of the contract at any stage during the time he has control of the farm if the Secretary determines that such violation is of such a nature as to warrant termination of the contract, or to make refunds or accept such payment adjustments as the Secretary may deem appropriate if he determines that the producer's violation does not warrant termination of the contract;

(iii) upon transfer of his right and interest in the farm or ranch during the contract period to forfeit all rights to further payments or grants under the contract and refund to the United States all payments or grants received thereunder unless the transferee of the farm or ranch agrees with the Secretary to assume all obligations of the contract;

(iv) not to adopt any practice specified by the Secretary in the contract as a practice which would tend to defeat the purposes of the contract;

(v) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of the program or to facilitate the practical administration of the program.

In return for such agreement by the producer the Secretary shall agree to share the cost of carrying out those conservation practices set forth in the contract for which he determines that cost-sharing is appropriate and in the public interest. The portion of such cost (including labor) to be shared shall be that part which the Secretary determines is necessary and appropriate to effectuate the physical installation of the conservation measures under the contract;

(2) The Secretary may terminate any contract with a producer by mutual agreement with the producer if the Secretary determines that such termination would be in the public interest, and may agree to such modification of contracts previously entered into as he may determine to be desirable to carry out the purposes of the program or facilitate the practical administration thereof;

(3) insofar as the acreage of cropland on any farm enter into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract *heretofore or hereafter* entered into under this subsection by reason of any action taken for the purpose of carrying out such contract *and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract*;

(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out **[the]** *any contract heretofore or hereafter* entered into under the program *or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract* shall be considered acreage devoted to the commodity for the purposes of establishing future State, country, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended;

(5) in applying the provisions of paragraph (6) of Public Law 74, Seventy-seventh Congress (7 U.S.C. 1340(6)), relating to the reduction of storage amount of wheat, any acreage diverted from the production of wheat under the program carried out under this subsection shall be regarded as wheat acreage;

(6) the Secretary shall utilize the technical services of agencies of the Department of Agriculture in determining the scope and provisions of any plan and the acceptability of the plan for effectuating the purposes of the program. In addition the Secretary shall take into consideration programs of State and local agencies, including soil conservation districts, having for their purposes the objectives of maximum soil and water conservation;

(7) there is hereby authorized to be appropriated without fiscal year limitations, such sums as may be necessary to carry out this subsection: *Provided*, That the total cost of the program (excluding administrative costs) shall not exceed \$150,000,000, and for any program year payments shall not exceed \$25,000,000. The funds made available for the program under this subsection may be expended without regard to the maximum payment limitation and small payment increases required under section 8(e) of this Act, and may be distributed among States without regard to distribution of funds formulas of section 15 of this Act. The program authorized under this subsection shall be in addition to, and not in substitution of, other programs in such area authorized by this or any other Act. (16 U.S.C. 590p(b))



Calendar No. 1844

86TH CONGRESS
2D SESSION

S. 3533

[Report No. 1773]

IN THE SENATE OF THE UNITED STATES

MAY 11, 1960

Mr. YOUNG of North Dakota introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

JUNE 29, 1960

Reported by Mr. YOUNG of North Dakota, without amendment

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 16 of the Soil Conservation and Domestic Allot-
4 ment Act of 1938, as amended, is amended as follows:

5 (1) Paragraph (3) of subsection (b) is amended to
6 read as follows:

7 “(3) insofar as the acreage of cropland on any farm
8 enter into the determination of acreage allotments and
9 marketing quotas under the Agricultural Adjustment
10 Act of 1938, as amended, the cropland acreage on the

1 farm shall not be decreased during the period of any
2 contract heretofore or hereafter entered into under this
3 subsection by reason of any action taken for the purpose
4 of carrying out such contract and, under regulation of
5 the Secretary, shall not be decreased, for such period
6 after the expiration of the contract as is equal to the
7 period of the contract, by reason of the maintenance of
8 any change in land use from cultivated cropland to per-
9 manent vegetation carried out under the contract;”

10 (2) Paragraph (4) of subsection (b) is amended to
11 read as follows:

12 “(4) the acreage on any farm which is determined
13 under regulations of the Secretary to have been di-
14 verted from the production of any commodity subject to
15 acreage allotments or marketing quotas in order to carry
16 out any contract heretofore or hereafter entered into
17 under the program or in order to maintain, for such
18 period after the expiration of the contract as is equal
19 to the period of the contract, any change in land use
20 from cultivated cropland to permanent vegetation carried
21 out under the contract shall be considered acreage de-
22 voted to the commodity for the purposes of establish-
23 ing future State, county, and farm acreage allotments
24 under the Agricultural Adjustment Act of 1938, as
25 amended;”.

2.2.20

1118 A

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1118 A

1118 A

86TH CONGRESS
2d Session

S. 3533

[Report No. 1773]

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

By Mr. YOUNG of North Dakota

MAY 11, 1960

Read twice and referred to the Committee on
Agriculture and Forestry

JUNE 29, 1960

Reported without amendment

June 30, 1960

HOUSE

14. SUGAR. By a vote of 395 to 0, passed with amendment H. R. 12311, to amend and extend the Sugar Act. See Digest 121 for a summary of the provisions of the bill as passed. pp. 14150-71
15. GENERAL GOVERNMENT MATTERS APPROPRIATION BILL, 1961. Agreed to the conference report on this bill, H. R. 11389 (pp. 14109-10). As agreed to the bill provides \$165,000, instead of \$40,000 as recommended by the House and \$350,000 as recommended by the Senate, for the President for expenses in improving the management of Federal agencies.
16. LABOR STANDARDS. By a vote of 341 to 72, passed with amendment H. R. 12677, to amend the Fair Labor Standards Act of 1938 (pp. 14110-50). By a vote of 211 to 203, agreed to an amendment by Rep. Kitchin in the nature of a substitute for the language of the bill as reported, which includes provisions to raise the minimum wage level to \$1.15 an hour (instead of \$1.25 an hour as reported), and to amend the Act to include employees engaged in "the processing of shade-grown tobacco for use as cigar wrapper tobacco by agricultural employees employed in the growing and harvesting of such tobacco, which processing shall include, but shall not be limited to, drying, during, fermenting, bulking, rebulking, sorting, grading, aging, and baling, prior to the stemming process." (pp. 14141-9).
17. INDEPENDENT OFFICES APPROPRIATION BILL, 1961. Received the conference report on this bill, H. R. 11776 (H. Rept. 2063). pp. 14202-4
18. PERSONNEL; PAY. Received from the President his veto message on H. R. 9883, the Federal pay raise bill (H. Doc. 442). pp. 14108-9
19. DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1961. By a vote of 402 to 5, agreed to the conference report on this bill, H. R. 11998, and acted on the amendments in disagreement. pp. 14098-108
20. FOREST ROADS. Conferees were appointed on H. R. 10495, the road authorization bill, including appropriation authorizations for forest highways and forest roads and trails (p. 14108). Senate conferees have already been appointed.
21. MILITARY CONSTRUCTION APPROPRIATION BILL, 1961. Received the conference report on this bill, H. R. 12231 (H. Rept. 2062). pp. 14201-2
22. FLOOD CONTROL. Received the conference report on H. R. 7634, the omnibus flood control and rivers and harbors bill (H. Rept. 2064). pp. 14204-11
23. HAWAII. Agreed to H. Con. Res. 706 authorizing corrections in the enrolled bill H. R. 11602, to amend certain laws of the U. S. in light of the admission of Hawaii into the Union. p. 14171
24. TRANSPORTATION. Received the conference report on H. R. 11135, to aid in the development of a coordinated system of transportation for the National Capital region; to create a temporary National Capital Transportation Agency; etc (H. Rept. 2061). pp. 14171-5
25. LIVESTOCK. Rep. Thomson, Wyo., urged consideration of legislation to "provide protection for producers and feeders of livestock when they show that the increased import of meat or meat products causes or threatens serious injury to their industry." p. 14177

June 30, 1960

26. RECLAMATION. The Interior and Insular Affairs Committee reported without amendment S. 68, to provide for continued delivery of water under the Federal reclamation laws to lands held by husband and wife upon the death of either (H. Rept. 2055). p. 14211

27. CONSERVATION. The Conservation and Credit Subcommittee of the Agriculture Committee voted to report to the full committee H. R. 12849, to protect farms and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments. p. D643

28. WEEDS. The "Daily Digest" states that the Conservation and Credit Subcommittee of the Agriculture Committee "passed over without prejudice" S. 861, to provide for the control of noxious plants on land under the control or jurisdiction of the Federal Government." p. D643

ITEM IN APPENDIX

29. TEXTILE IMPORTS. Sen. Talmadge inserted an article criticizing a recent Tariff Commission decision regarding duties on textile imports which includes a statement by Sen. Thurmond that this "proves the imperative need of Congress to take action in the next session to regain control of its constitutional authority over our trade program." p. A5680

BILLS INTRODUCED

30. PERSONNEL. H. R. 12900, by Rep. Halpern, to amend the Civil Service Retirement Act to authorize the retirement of employees after 30 years of service without reduction in annuity; to Post Office and Civil Service Committee.

H. R. 12903, by Rep. Short, to adjust the rates of compensation of employees in the postal field service, to establish a temporary Commission on Federal Civilian Employees Compensation Policy; to Post Office and Civil Service Committee.

31. SCHOOL LUNCH. H. R. 12896, by Rep. Bailey, to amend the National School Lunch Act to provide for a more equitable distribution of the funds available under such act; to Education and Labor Committee.

32. MARKETING. S. 3787, by Sen. Holland, to amend the provisions of the Perishable Agricultural Commodities Act, 1930, relating to practices in the marketing of perishable agricultural commodities; to Agriculture and Forestry Committee.

33. FOREST ROADS. S. 3791, by Sen. Magnuson, to amend section 205 of title 23 of the United States Code to provide for the system of forest development roads and trails needed for the utilization and protection of lands administered by the Forest Service; to Public Works Committee. Remarks of author. p. 13991

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COMMITTEE HEARINGS ANNOUNCEMENTS:

July 1: Increased price supports for milk and butterfat, amendments to Public Law 480, protection of acreage allotments in Great Plains program, inclusion of administrative costs in crop insurance premiums, donation of dairy products for home economic courses, grading of grapes and plums for export, establishment of botanic garden in Hawaii, and miscellaneous land transfer bills, H. Agriculture (exec).

Road authorization bill, conferees (exec).

July 1, 1960

11. TRANSPORTATION. Both Houses agreed to the conference report on H. R. 11135, to aid in the development of a coordinated system of transportation for the National Capital region; to create a temporary National Capital Transportation Agency; etc. This bill will now be sent to the President. pp. 14300-1, 14337
12. FLOOD CONTROL. Both Houses agreed to the conference report on H. R. 7634, the omnibus flood control and rivers and harbors bill, and acted on amendments in disagreement. This bill will now be sent to the President. pp. 14405-9, 14312-20
13. COLOR ADDITIVES. Sen. Javits inserted the conclusions and recommendations of a study issued by the White House on the use of color additives in food, and his motion was tabled to reconsider the vote by which S.2197, to regulate the use of color additives in food, was passed. pp. 14301-2
14. RECLAMATION. Passed as reported S. 2195, to authorize the Secretary of the Interior to construct the western division of the Dalles Federal reclamation project, Ore. pp. 14419-20
15. SMALL BUSINESS. Passed with amendments H. R. 11207, to authorize additional funds for small-business loans and to encourage additional use of small business by Government contracting agencies. pp. 14424-7
16. PUBLIC HEALTH. Passed as reported H. R. 6871, to amend the Public Health Service Act so as to authorize project grants for graduate training in public health. pp. 14376-7
17. CONTRACTS; PURCHASING. Sen. Douglas criticized purchasing policies of Government agencies, particularly the purchase of supplies by agencies when surplus supplies were already available in the Government, and inserted several items on this matter. pp. 14231-6

HOUSE

18. FOREST ROADS. Received the conference report on H. R. 10495, authorizing appropriations for highway construction for fiscal 1962 and 1963, including forest highways and forest development roads and trails (pp. 14338-9). As reported by the conferees the bill authorizes \$33,000,000 for forest highways for each of the fiscal years 1962 and 1963, and \$35,000,000 and \$40,000,000 for the fiscal years 1962 and 1963, respectively, for forest development roads and trails, and authorizes an additional \$500,000 for construction of road on forest land in Ga. (H. Rept. 2080)
19. CROP INSURANCE; LANDS; CONSERVATION. The Agriculture Committee voted to report (but did not actually report) the following bills: p. D650
 - H. R. 5743, to amend the Federal Crop Insurance Act to permit inclusion of administrative costs in insurance premiums;
 - H. R. 10784 (amended), to provide that the payment for the lands covered by the Act of September 9, 1959 (Keosauqua lands), may be made on a deferred basis;
 - H. R. 11917 (amended), to authorize the Secretary of Agriculture to convey certain lands in Lassen County, California, to the city of Susanville, California;
 - H. R. 12849 (amended), to protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments;

H. R. 12860 (amended), authorizing the Secretary of Agriculture to convey certain lands to Auburn University, Auburn, Ala.;

S. 2772, to authorize the Secretary of Agriculture to convey land in the town of Cascade, El Paso County, Colorado;

S. 3665, to authorize the Secretary of Agriculture to grant an easement over certain lands to the trustees of the Cincinnati Southern Railway, their successors and assigns;

S. 3070, to provide for the removal of restriction on use with respect to certain lands in Morton County, North Dakota, conveyed to the State of North Dakota on July 20, 1955;

S. 2919, to provide that the Secretary of the Smithsonian Institution shall study and investigate the desirability and feasibility of establishing and maintaining a national tropical botanic garden;

S. 1857, to establish minimum standards for the exportation of grapes and plums.

20. WATERSHEDS. The Public Works Committee approved watershed projects for Big Prairie and French Creeks, Ala.; Mill Run, Penn.; and Town Fork Creek, N. C. p. 14308

The "Daily Digest" states that the Agriculture Committee approved a watershed project in Texas and one in Indiana. p. D650

21. PROPERTY IMPORTS. By a vote of 124 to 61, agreed to a motion by Rep. Flynt to strike out the enacting clause on H. R. 9996, to amend the Federal Property and Administrative Services Act of 1949 so as to prescribe procedures to insure that foreign excess property which is disposed of overseas will not be imported into the U. S. to the injury of the economy of this country. This action has the effect of killing the bill. pp. 14323-37

22. FLOOD CONTROL. The Public Works Committee reported with amendment H. R. 2185, to authorize modification of local participation in flood control projects in depressed areas (H. Rept. 2067). p. 14374

23. RECREATION. Passed as reported H. R. 900, to provide that 75% of all moneys derived by the U. S. from certain recreation activities in connection with lands acquired for flood control and other purposes shall be paid to the State. p. 14349

24. GOVERNMENT ORGANIZATION. Rep. Lindsay inserted a speech by Gov. Rockefeller which includes the Governor's recommendations as to reorganization in the executive branch. pp. 14359-62

25. DEPRESSED AREAS; INDUSTRIAL LOANS. Rep. Flood urged consideration of a bill to "allow banks and lending institutions to rediscount their industrial mortgages with the Federal Government following generally the same pattern as Fannie Mae mortgages" and the establishment of an Area Redevelopment Administration which he says would be of assistance to a self-help program for depressed area redevelopment. pp. 14367-72

26. COCONUT MEAT. Both Houses received and the Senate adopted the conference report on H. R. 11748, to continue until the close of June 30, 1961, the suspension of duties on metal scrap, which as amended by the Senate creates a specific tariff classification for certain imported coconut meat (H. Rept. 2074). pp. 14340, 14376

July 2, 1960

SENATE

8. FARM PROGRAM. Sen. Johnson criticized the farm program, stating that, "The basic aim of any farm program should be to create conditions under which the family-size farm can be operated at a reasonable profit," and called for better distribution and price support programs on a commodity-by-commodity basis, and agreement by farmers "on the programs that are best for them." pp. 14446-7
9. WHEAT. Sen. Carlson inserted and commended this Department's reply to his letter requesting a study "in regard to the relation of wheat to the rest of the economy," in which he was informed that such a study had been started and the results would be provided "as early as possible." He further commended Secretary Benson for his "prompt response to this request." pp. 14467-8
10. NOMINATION. Confirmed the nomination of Mr. Carl J. Stephens to be General Counsel of this Department. p. 14595
11. SUGAR. By a vote of 80 to 0, passed with amendment S. J. Res. 217, to give the President authority to determine the sugar quota for Cuba for the balance of the calendar year 1960 in such amounts as he shall find from time to time to be in the national interest. pp. 14532-3, 14533-4, 14546, 14549-53
12. PERSONNEL. Sen. Byrd, chairman, Joint Committee on Reduction of Nonessential Federal Expenditures, inserted a report of the committee, "Federal Personnel in Executive Branch, May 1960 and April 1960, and Pay, April 1960 and March 1960." pp. 14447-50
Sen. Bush inserted two articles criticizing the action of Congress in overriding the President's veto of the Federal employees pay raise bill. pp. 14573-4
Passed as reported S. Res. 338, expressing the sense of the Senate "that individuals appointed to administrative and policymaking posts should be willing to serve for a period long enough to permit them to contribute effectively in their assigned tasks" and "that nominees appearing before its committees shall indicate their willingness to serve so long as the President desires." pp. 14592-3
Passed as reported S. 3147, to provide for adjusting the interest rate payable on obligations of the U. S. purchased by the Civil Service Retirement and Disability Fund. p. 14589
13. ELECTRIFICATION. Sen. Goldwater inserted a report by Sen. Cotton on the accomplishments of the Federal Power Commission under the present administration (1953-60). pp. 14483-4
14. FARM LOANS. Sen. Goldwater commended the Farm Credit Administration and inserted a report by Sen. Allott on the accomplishments of the Farmers Home Administration during the present administration (1953-60). pp. 14484-5
15. PROCUREMENT. Sen. Goldwater commended the work of GSA and inserted a report by Sen. Prouty on GSA accomplishments during the present administration, which contains information on the stockpiling, surplus disposal, Federal supply, and other programs of the organization. pp. 14486-7
16. CONSERVATION. Sen. Mundt urged the selection of Secretary of Interior Seaton as the Vice Presidential candidate by the Republican party and inserted the text of his recent award for "distinguished, courageous service rendered in the conservation and management of the country's natural resources." p. 14490

17. MARGARINE. Sen. Fulbright inserted his statement which reviews the results of the Margarine Act passed in 1950, and calls the Act a "success" for the consumer and for the farmer. pp. 14490-1
18. SURPLUS COMMODITIES. Passed as reported S. 3146, to authorize the CCC to donate dairy products and other agricultural commodities for use in home economics courses. p. 14507
19. ACREAGE ALLOTMENTS. Passed without amendment S. 3533, to provide that the protection of cropland acreage and of diverted acreage used in determining acreage allotments and marketing quotas, that is provided by law under the Great Plains Conservation Program during the life of the contract, would be extended after termination of the contract for an additional period equal to the period of the contract. p. 14507
20. WILDLIFE. Passed as reported H. R. 12533, to amend the Migratory Bird Treaty Act so as to increase the penalties for violations of that act. pp. 14507-8
21. COTTON IMPORTS. Sen. Ervin criticized the Tariff Commission's recent decision that imports of cotton products were having no adverse effect on the cotton export subsidy program, calling it the result of the President's limiting the investigation to those imports which "render or tend to render ineffective, or materially interfere with the export subsidy program," and stating that the "case had been prejudiced from the beginning." He urged a Senate investigation of "this entire shameful incident," and was joined by several other Senators in his criticism. pp. 14521-7, 14529-31
22. FOREIGN TRADE. Sen. Javits urged Congress to consider legislation which would allow the Federal Government "to extend loans and allow tax incentives to business, extend technical and financial assistance to communities and provide retraining and relocation assistance to workers" when the President determines that such industry is suffering as the result of import competition. Sens. Aiken, Hartke, and Kuchel also discussed the problems involved in competition from foreign imports. pp. 14511-6
23. POPULATION. Sen. Hickenlooper inserted a speech by Mr. F. O. Wilcox, Assistant Secretary of State for International Organization Affairs, which states the need for increased financial and technical aid to underdeveloped countries as well as foreign trade as a result of the "population explosion" being experienced by these countries. He includes in his analysis a brief summary of the role the Food and Agriculture Organization of the U. N. should play in this program. pp. 14469-72
24. FOREIGN AFFAIRS. Sen. Hickenlooper inserted a report by Sen. Bridges, "U. S. Foreign Policy Under the Republican Administration -- 1953-60," which includes a review of the work of the administration in the Emergency Coffee Agreement and the International Food for Peace Conference. pp. 14472-3
Sen. Goldwater inserted a report by Sen. Bennett on the accomplishments of the Export-Import Bank during the present administration, which briefly covers the work of the Bank in assisting the sale of farm commodities abroad and the number and amount of loans the bank has made using Public Law 480 funds. pp. 14483-4
25. PERSONNEL. Passed as reported H. R. 7758, to improve the administration of overseas activities of the Government by providing for the establishment of a

States in and to that certain tract of land containing ninety-nine and fifty-seven one-hundredths acres, more or less, located in Van Buren County, Iowa, in an adjacent to the city of Keosauqua, conveyed to the United States by the Grand Lodge of the Ancient Order of United Workmen of North Dakota by deed dated December 10, 1936, and recorded in Van Buren County in book 78 on page 303: *Provided*, That any deferred payments shall be made within a period of not more than twenty years, with interest beginning with the date of conveyance, at a rate to be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or price during the month preceding the month in which the conveyance is made, on all outstanding marketable obligations of the United States having a maturity date of ten or more years from the first day of such month."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

HEIRS OF J. B. WHITE

The bill (S. 882) for the relief of the heirs of J. B. White was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized and directed to convey by quitclaim deed, without consideration, to the heirs of J. B. White (living at the time of the death of the said J. B. White) all oil, gas, and other mineral rights which are held by the United States in lands conveyed by such heirs to the United States and described in the records of the office of the county court clerk of Powell County, Stanton, Kentucky, in deed book 31, pages 362-367, inclusive, such rights having been erroneously conveyed to the United States.

DONATION OF DAIRY PRODUCTS AND OTHER AGRICULTURAL COMMODITIES

The Senate proceeded to consider the bill (S. 3146) to authorize the Commodity Credit Corporation to donate dairy products and other agricultural commodities for use in home economics courses, which had been reported from the Committee on Agriculture and Forestry, with an amendment, to strike out all after the enacting clause and insert:

That schools receiving surplus foods pursuant to clause (3) of section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) or section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c) are authorized to use such foods in training students in home economics.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

CONVEYANCE OF CERTAIN LANDS TO AUBURN UNIVERSITY, AUBURN, ALA.

The Senate proceeded to consider the bill (S. 3759) authorizing the Secretary of Agriculture to convey certain lands to

Auburn University, Auburn, Ala., which had been reported from the Committee on Agriculture and Forestry, with amendments, on page 1, line 4, after the word "authorized", to strike out "and directed"; on page 2, line 16, after the word "Agriculture", to strike out "lands" and insert "forty-two acres of land, more or less," and on page 3, line 2, after the word "for", to strike out "any period" and insert "one or more periods, the total leasing period"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, subject to the provisions of section 2 of this Act, the Secretary of Agriculture is authorized to convey by quitclaim deed to Auburn University, a land-grant college located at Auburn, Alabama, all right, title, and interest in and to the following described tract of land which constitutes a portion of a forty-acre tract of land donated in 1939 to the United States by the Alabama Polytechnic Institute (now Auburn University), and which is essential to the planned immediate expansion of such university: Beginning at a point 336.1 feet north 0 degrees 57 minutes west of the southeast corner of section 25, township 19 north, range 25 east, Saint Stephens meridian in the city of Auburn, county of Lee, State of Alabama; thence continuing north 0 degrees 57 minutes west along the east boundary line of said section 25, 1,144.2 feet; thence south 89 degrees 40 minutes west 1,164.0 feet to the southeasterly margin of the Wire Road; thence south 36 degrees 15 minutes west along said margin of the Wire Road 126.8 feet; thence south 24 degrees 26 minutes east 780.0 feet; thence south 10 degrees 06 minutes west 328.0 feet; thence south 89 degrees 50 minutes east 988.5 feet to the point of beginning, containing 27 acres more or less.

SEC. 2. In consideration of the conveyance authorized by the first section of this Act, Auburn University shall lease to the Department of Agriculture forty-two acres of land, more or less, in the vicinity of such university suitable (as determined by the Secretary of Agriculture) for carrying on the same or similar type research now engaged in by the Department of Agriculture on lands to be conveyed pursuant to the first section of this Act. Any lease entered into pursuant to the provisions of this section shall run for a period of one year from the date of its execution by Auburn University, and shall contain an option in favor of the Department of Agriculture for its renewal for one or more periods, the total leasing period not to exceed 99 years.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

LOSS OF ACREAGE ALLOTMENTS

The bill (S. 3533) to protect farm and ranch operators making certain land-use changes under the Great Plains conservation program against loss of acreage allotments, was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16 of the Soil Conservation and Domestic Allotment Act of 1938, as amended, is amended as follows:

(1) Paragraph (3) of subsection (b) is amended to read as follows:

"(3) insofar as the acreage of cropland on any farm enter into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subsection by reason of any action taken for the purpose of carrying out such contract and, under regulation of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;"

(2) Paragraph (4) of subsection (b) is amended to read as follows:

"(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under the program or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended;"

GRANTING OF CERTAIN LANDS TO THE GOVERNMENT OF GUAM

The bill (H.R. 10997) to grant to the government of Guam certain filled lands, submerged lands, and tidelands was considered, ordered to a third reading, read the third time, and passed.

CLARIFICATION OF OWNERSHIP OF CERTAIN CHURCH PROPERTIES IN THE VIRGIN ISLANDS

The bill (H.R. 11854) to clarify the ownership of certain church properties located in the Virgin Islands was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H.R. 3900) to permit the admission to registry and the use in the coastwise trade of certain foreign-built hydrofoil vessels, was announced as next in order.

Mr. KEATING. Mr. President, over by request.

The PRESIDING OFFICER. The bill will be passed over.

PENALTIES FOR VIOLATION OF THE MIGRATORY BIRD TREATY ACT

The Senate proceeded to consider the bill (H.R. 12533) to amend the Migratory Bird Treaty Act to increase the penalties for violation of that act, and for other purposes, which had been reported from the Committee on Interstate and Foreign Commerce, with amendments, on page 2, line 8, after the word "bird", to insert "shall be guilty of a felony and shall be fined not more than \$2,000 or imprisoned not more than two years, or both."; in line 10, after the amendment just above stated,

to strike out the comma and "or"; and after line 10, to strike out:

(3) purchase or offer to purchase any migratory bird, shall be guilty of a felony and shall be fined not more than \$2,000 or imprisoned not more than two years or both.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

OBSERVANCE OF 175TH ANNIVERSARY OF THE FORMATION OF THE CONSTITUTION OF THE UNITED STATES

The joint resolution (H.J. Res. 605) providing for the preparation and completion of plans for a comprehensive observance of the 175th anniversary of the formation of the Constitution of the United States was considered, ordered to a third reading, read the third time, and passed.

ANTE GULON

The Senate proceeded to consider the bill (S. 708) for the relief of Ante Gulon, which had been reported from the Committee on the Judiciary, with an amendment, on page page 1, line 4, after the name "Ante", to strike out "Gulon" and insert "Gulam", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Ante Gulon shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Ante Gulon."

BLAGOJE POPARDICH

The Senate proceeded to consider the bill (S. 1377) for the relief of Blagoje Popardich, which had been reported from the Committee on the Judiciary, with amendments, in line 4, after the word "Act", to strike out the comma and "the child," and insert "And section 6 of the Act of September 11, 1957 (71 Stat. 639-640), as amended by the Act of September 9, 1959 (73 Stat. 490)", and in line 9, after the word "United", to strike out "States." and insert "States: *Provided*, That the natural parents of the said Blagoje Popardich shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.", so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act and section 6 of the Act of September 11, 1957 (71 Stat. 639-640), as amended by the Act of September 9, 1959 (73 Stat. 490), Blagoje Popardich, shall be held and considered to be the natural-born alien minor child of Lezar G. Popadich, a citizen of the United States: *Provided*, That the natural parents of the said Blagoje Popardich shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WIKTORIA STEFANIA CRANAK

The bill (S. 2427) for the relief of Wiktorja Stefania Cranak was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Wiktorja Stefania Cranak, shall be held and considered to be the natural-born alien child of Theodosia Cranak, a citizen of the United States: *Provided*, That the natural parents of the said Wiktorja Stefania Cranak shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

SALVATORE BRIGANTI

The bill (S. 3432) for the relief of Salvatore Briganti was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provisions of paragraph (9) of section 212(a) of the Immigration and Nationality Act, Salvatore Briganti may be issued an immigrant visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such Act. This Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

CAPT. ERNEST MOUNTAIN

The Senate proceeded to consider the bill (S. 3507) for the relief of Capt. Ernest Mountain, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, for the purposes of the Immigration and Nationality Act, Captain Ernest Mountain shall be held and considered to have been lawfully admitted to the United States for permanent residence as of June 30, 1929, upon payment of the required visa fee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

ALESSANDRO MARAESSA

The bill (H.R. 1422) for the relief of Alessandro Maraessa was considered, ordered to a third reading, read the third time, and passed.

ANTONIO MENDEZ GARCIA AND PALMIRA LAVIN GARCIA

The bill (H.R. 1493) for the relief of Antonio Mendez Garcia and Palmira Lavin Garcia was considered, ordered to a third reading, read the third time, and passed.

JULIUS F. STEINHOFF

The bill (H.R. 1588) for the relief of Julius F. Steinhoff was considered, ordered to a third reading, read the third time, and passed.

FRANCESCO CAROZZA

The bill (H.R. 1643) for the relief of Francesco Carozza was considered, ordered to a third reading, read the third time, and passed.

IRENEO D. BRODIT AND ANTONIO D. BRODIT

The bill (H.R. 2117) for the relief of Ireneo D. Brodit and Antonio D. Brodit was considered, ordered to a third reading, read the third time, and passed.

MRS. TERUKO TERI MIYAMOTO (NEE IKEDA)

The bill (H.R. 2124) for the relief of Mrs. Teruko Teri Miyamoto (nee Ikeda) was considered, ordered to a third reading, read the third time, and passed.

BERNARDO PATERNOSTRO

The bill (H.R. 2705) for the relief of Bernardo Paternostro was considered, ordered to a third reading, read the third time, and passed.

MISS ELIZABETH HOLLANDER

The bill (H.R. 2716) for the relief of Miss Elizabeth Hollander was considered, ordered to a third reading, read the third time, and passed.

LUCIANO DI FRANCO

The bill (H.R. 2944) for the relief of Luciano Di Franco was considered, ordered to a third reading, read the third time, and passed.

ROSOLINA CIUFERRI

The bill (H.R. 3804) for the relief of Rosolina Ciufferi was considered, ordered to a third reading, read the third time, and passed.

ANATOLIJS JANITIS

(The bill (H.R. 4555) for the relief of Anatolijs Janitis was considered, ordered

86TH CONGRESS
2^D SESSION

S. 3533

IN THE HOUSE OF REPRESENTATIVES

AUGUST 15, 1960

Referred to the Committee on Agriculture

AN ACT

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 16 of the Soil Conservation and Domestic Allot-
4 ment Act of 1938, as amended, is amended as follows:

5 (1) Paragraph (3) of subsection (b) is amended to
6 read as follows:

7 “(3) insofar as the acreage of cropland on any farm
8 enter into the determination of acreage allotments and
9 marketing quotas under the Agricultural Adjustment
10 Act of 1938, as amended, the cropland acreage on the

1 farm shall not be decreased during the period of any
2 contract heretofore or hereafter entered into under this
3 subsection by reason of any action taken for the purpose
4 of carrying out such contract and, under regulation of
5 the Secretary, shall not be decreased, for such period
6 after the expiration of the contract as is equal to the
7 period of the contract, by reason of the maintenance of
8 any change in land use from cultivated cropland to per-
9 manent vegetation carried out under the contract;”

10 (2) Paragraph (4) of subsection (b) is amended to
11 read as follows:

12 “(4) the acreage on any farm which is determined
13 under regulations of the Secretary to have been diverted
14 from the production of any commodity subject to acreage
15 allotments or marketing quotas in order to carry out
16 any contract heretofore or hereafter entered into under
17 the program or in order to maintain, for such period
18 after the expiration of the contract as is equal to the
19 period of the contract, any change in land use from cul-
20 tivated cropland to permanent vegetation carried out
21 under the contract shall be considered acreage devoted

1 to the commodity for the purposes of establishing future
2 State, county, and farm acreage allotments under the
3 Agricultural Adjustment Act of 1938, as amended;”.

Passed the Senate July 2, 1960.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

AUGUST 15, 1960

Referred to the Committee on Agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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86th-2d, No. 136

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HIGHLIGHTS: Senate passed minimum wage bill. Sen. Johnson announced bill to increase price support level for milk and butterfat to be considered today, Aug. 19.

SENATE

1. LABOR STANDARDS. By a vote of 62 to 34, passed with amendments H. R. 12677, to amend the Fair Labor Standards Act of 1938 so as to increase the minimum wage to \$1.25 and to increase the coverage of persons under the Act, after substituting the language of a similar bill, S. 3758, as amended. Further consideration of S. 3758 was indefinitely postponed. Senate conferees were appointed. pp. 15479-515, 15516-32, 15536-9

By a vote of 87 to 8, agreed to an amendment by Sen. Anderson, as modified by an amendment by Sen. Allott, to exempt from the Act any employee employed by an establishment engaged in the business of selling automobiles or trucks, or farm implements, more than 50 percent of which establishment's annual sales is made within the State in which located and not less than 75 percent of annual sales is not for resale and is recognized as retail sales or services in the automotive industry. pp. 15506-11

By a vote of 50 to 46, agreed to an amendment by Sen. Cooper to strike out a provision of the bill which would have provided that employees engaged in canning and processing and certain other activities on agricultural commodities shall have 20 weeks overtime exemption each year (10 weeks limited to 12 hours a day or 56 hours a week, plus 10 weeks unlimited overtime exemption) instead of the present 28 exempt overtime weeks each year. pp. 15521-23

By a vote of 41 to 56, rejected an amendment by Sen. Prouty, in the nature of a substitute for the pending bill, which would have raised the minimum wage to \$1.10 an hour instead of the proposed \$1.25 an hour, and would have extended coverage of the Act to approximately 4 million additional persons instead of approximately 5 million additional persons. pp. 15479-92

Sen. Stennis submitted, but later withdrew, a proposed amendment which would have defined the words "area of production" so as to exempt certain employees engaged in the first processing of certain agricultural commodities. pp. 15520-21

2. CIVIL DEFENSE. Sen. Young, O., criticized the civil defense program, calling it "nothing more than a futile gesture to fool ourselves and American taxpayers into thinking that something is being done to defend our civilians," and stating that civil defense "is a part of the total defense of our country" and "must be placed in the hands of and be the responsibility of the Armed Forces." pp. 15464-5
3. PUBLIC LANDS; MINERALS. H. R. 8860, "to stabilize the mining of lead and zinc by small domestic producers on public, Indian, and other land" was made the unfinished business of the Senate. p. 15533
4. SOIL CONSERVATION. Sen. Morse discussed and commended the work of the soil conservation district employees in his State, and inserted an article, "The Meaning of Conservation" which "sets forth the philosophy of soil conservation." pp. 15539-40
Sen. Morse paid tribute to Hugh Bennett, former administrator of SCS, calling him "a great public servant who ranks in our national roster with the other heroes of national resource conservation and protection." p. 15540
5. WATER POLLUTION. Sen. Morse discussed and inserted an article, "Water Pollution: A National Disgrace" in which the author warns "the startling truth is that the hour is rapidly approaching when the Nation's water utilities may be unable to supply enough pure water for our expanding population." pp. 15543-5
6. FORESTRY. The Public Works Committee reported without amendment H. R. 9377, to provide for the protection of forest cover for reservoir areas under the jurisdiction of the Secretary of the Army (S. Rept. 1842). p. 15459
7. LANDS; RECREATION. The Public Works Committee reported without amendment H. R. 900, to provide that 75 percent of all moneys derived by the U. S. from certain recreation activities in connection with lands acquired for flood control and other purposes shall be paid to the States (S. Rept. 1840). p. 15459
8. LEGISLATIVE PROGRAM. Sen. Johnson announced that the following bills will be considered today, Aug. 19: S. 2917, to increase the price support level for milk and butterfat; H. R. 5068, to provide for licensing independent foreign freight forwarders; S. 2855, increased authorizations for President's mutual security contingency fund; S. 3861, providing for assistance in the development of Latin America and reconstruction in Chile; and H. R. 8860, to stabilize the mining of lead and zinc by small producers on public lands. p. 15533

HOUSE

9. GRAPES AND PLUMS; FOREIGN TRADE. The Agriculture Committee reported without amendment S. 1857, to establish minimum standards on grapes and plums in foreign commerce (H. Rept. 2107). p. 15552
10. ACREAGE ALLOTMENTS; SOIL BANK. The Agriculture Committee reported with amendment H. R. 12849, to protect farm and ranch operators making certain land-use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments (H. Rept. 2109). p. 15552

HISTORY PRESERVATION UNDER GREAT PLAINS AND CONSERVATION RESERVE PROGRAMS

AUGUST 18, 1960.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. COOLEY, from the Committee on Agriculture, submitted the
following

REPORT

[To accompany H.R. 12849]

The Committee on Agriculture, to whom was referred the bill (H.R. 12849) to protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments, having considered the same, report favorably thereon with amendment and recommend that the bill do pass.

The amendment is as follows:

Page 2, line 14, strike out "whch" and insert "which".

PURPOSE

The purpose of this bill is to promote soil conservation and to reduce agricultural surpluses by preserving the cropland history of farmland previously retired under the Great Plains and conservation reserve programs if such farmland is kept under a soil-conserving practice. Under present law farmers and ranchers are protected from the loss of acreage allotments and cropland history resulting from participation in these programs. This bill would extend this same protection beyond the termination date of the contract for an additional period of time equal to the period of the contract.

NEED FOR LEGISLATION

In the absence of this legislation farmers and ranchers would find it necessary, in order to maintain their allotments and cropland history, to remove from grass and other cover crops many thousands of acres of land which should otherwise remain idle. The committee feels that H.R. 12849 will encourage many farmers to keep this land in permanent vegetation, thus protecting the Federal investment in the program while encouraging soil conservation.

COST

This bill involves no additional cost. On the contrary the committee feels this legislation will tend to reduce Government costs because it encourages land retirement and soil conservation without requiring the expenditure of Federal funds. Land presently in the conservation reserve and Great Plains programs will continue to be diverted from the production of surplus commodities which would otherwise be acquired under the price support program, even though Federal rental payments have ceased.

COMMITTEE AMENDMENT

The amendment adopted by the committee is clerical in nature and it corrects the misprinted word "which" appearing in the bill as introduced.

DEPARTMENTAL POSITION

On June 24, 1960, the Conservation and Credit Subcommittee held an open hearing on H.R. 12201 by Mr. McGinley, H.R. 12182 by Mr. Poage, and H.R. 12184 by Mr. Short. Department of Agriculture officials appeared and testified in support of H.R. 12182 and H.R. 12184, and as a result of the subcommittee's action all of these bills were combined and included in the present bill, H.R. 12849. In addition the committee has received favorable reports from the Department on each of the bills. The Department's reports follow:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 27, 1960.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your request of June 24, 1960, for a report on H.R. 12201, a bill to amend the Soil Bank Act to provide that land devoted to conserving uses after the expiration of a conservation reserve contract may continue to be counted in the determination of acreage allotments and marketing quotas.

This bill amends section 112 of the Soil Bank Act to provide that conservation reserve land devoted to conserving uses after the expiration of a conservation reserve contract may continue to be counted as cropland and applicable allotment crop history in the determination of acreage allotments and marketing quotas for as long as the conserving use provided for in the contract is maintained in a satisfactory condition.

This Department recommends that the bill be enacted, provided the period of protection is limited to an extension, beyond the term of the contract, equal to the term of the contract.

The existing law protects producers during the period of the conservation reserve contract from loss of acreage allotments and marketing quotas on any land placed in the reserve by reason of the establishment and maintenance of conservation practices under the contract. This protection during the contract period enables both participants and nonparticipants to maintain a comparable status in crop histories. However, when the contracts expire the reduced crop-

land acreage which frequently results from carrying out conservation practices otherwise may result, under crop allotment policy, in reducing acreage allotments to correspond with the reduced cropland history of the farm. Unless the cropland acreage history and the diverted acreage are also protected after the contracts expire participants desiring to protect their acreage allotments would be encouraged to immediately plow up the acreage converted to permanent vegetation. This would defeat an important benefit of the conservation reserve program for continuing the reserve acres in conserving crops or uses after expiration of the contract.

By affording producers the protection provided for in the bill, as it would be changed, producers will be encouraged to adjust their farming operations to utilize the acres in the conserving uses. As a result, a large percentage of the reserve acres as contracts expire will be retained in permanent vegetation. This will protect the taxpayers' investment in the program and also discourage a return to the production of crops in surplus supply.

There is no need for concern that too many allotment acres would be frozen on these farms. Whenever surplus supplies are liquidated by this or other devices, existing legislation contains ample provisions for increasing the national allotment to the extent then indicated.

Enactment of the bill will make a substantial contribution toward continuing the benefits of the conservation reserve program without additional Government costs.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 23, 1960.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR CONGRESSMAN COOLEY: This is in reply to your letter of May 20, 1960, requesting a report by this Department on H.R. 12182, a bill to protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

The Department recommends that the bill be enacted.

The bill would amend section 16(b) of the Soil Conservation and Domestic Allotment Act that authorizes the Great Plains conservation program so that the protection of cropland acreage and of diverted acreage used in determining acreage allotments and marketing quotas, that is provided by the present law during the life of the contract, would be extended as regards changes in land use from cultivated cropland to permanent vegetation, for an additional period beyond the termination of the contract equal to the period of the contract.

The existing law protects farm and ranch operators during the period of the contract from loss of acreage allotments resulting from either reduction of cropland acreage or diversion of acreage in carrying out the contract. This protection during the contract period enables both participants and nonparticipants to maintain a comparable status

in crop histories. However, when the contracts expire the reduced cropland acreage which frequently results from carrying out conservation plans may result, under crop allotment policy, in reducing acreage allotments to correspond with farms of smaller cropland histories. Unless the cropland acreage history and the diverted acreage of farms on which Great Plains contracts are carried out are protected for a reasonable period after the contracts expire as regards changes in land use from cultivated cropland to permanent vegetation carried out under the contracts, those producers desiring to protect their acreage allotment would have no choice but to immediately plow up the acreage converted to permanent vegetation. This would defeat an important purpose of the Great Plains conservation program.

By giving farm and ranch operators the protection provided for in the proposed amendment, they will have a reasonable time after the program measures all are installed and in operation to test their new type of farming. As a result, a large percentage of the lands, which in all probability otherwise will be plowed up in order to protect acreage allotments, will be retained in permanent vegetation. This will protect the Federal investment in the program and also help to prevent a return to the cropping of substandard land.

Enactment of the bill will make a substantial contribution toward attaining the objectives of the Great Plains conservation program without additional Federal costs.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 27, 1960.

HON. HAROLD D. COOLEY,
House of Representatives.

DEAR CONGRESSMAN COOLEY: Pursuant to your request of June 24, 1960, there is enclosed legislative language which would consolidate the provisions of H.R. 12201 with the provisions of H.R. 12182.

In consolidating the provisions of the two bills, it was felt to be desirable to make the provisions the same for both the conservation reserve program and the Great Plains program. Accordingly, the draft legislation adopts for the conservation reserve program the provisions contained in H.R. 12182 for the Great Plains program.

Sincerely yours,

MARVIN L. McLAIN,
Assistant Secretary.

A BILL To protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16 of the Soil Conservation and Domestic Allotment Act of 1938, as amended, is amended as follows:

(1) Paragraph (3) of subsection (b) is amended to read as follows:

“(3) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subsection by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;”

(2) Paragraph (4) of subsection (b) is amended to read as follows:

“(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under the program or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended.”

SEC. 2. Section 112 of the Soil Bank Act, as amended, is amended as follows:

(1) Paragraph (1) is amended to read as follows:

“(1) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subtitle by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;”

(2) Paragraph (2) is amended to read as follows:

“(2) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under this subtitle or in order to maintain, for such period after the expiration of the contract as is equal to the

period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, and existing law in which no change is proposed is shown in roman):

SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT, AS AMENDED

* * * * *

LIMITATION ON OBLIGATIONS INCURRED

SEC. 16. (a) The obligations incurred for the purpose of carrying out for any calendar year, the provisions of sections 7 to 14, inclusive, of this Act shall not exceed \$500,000,000.

GREAT PLAINS CONSERVATION PROGRAM

(b) Notwithstanding any other provision of law—

(1) the Secretary is authorized, within the amounts of such appropriations as may be provided therefor, to enter into contracts of not to exceed ten years with producers in the Great Plains area determined by him to have control for the contract period of the farms or ranches covered thereby. Such contracts shall be designed to assist farm and ranch operators to make, in orderly progression over a period of years, changes in their cropping systems and land uses which are needed to conserve the soil and water resources of their farms and ranches and to install the soil and water conservation measures needed under such changed systems and uses. Such contracts shall be in effect during the period ending not later than December 31, 1971, on farms and ranches in counties in the Great Plains area of the States of Colorado, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming, designated by the Secretary as susceptible to serious wind erosion by reason of their soil types, terrain, and climatic and other factors. The producer shall furnish to the Secretary a plan of farming operations which incorporates such soil and water conservation practices and principles as may be determined by him to be practicable for maximum mitigation of climatic hazards of the area in which the farm is located, and which outlines a schedule of proposed changes in cropping systems and land use and of the conservation measures which are to be carried out on the farm or ranch during the contract period to protect the farm or ranch from erosion and deteri-

oration by natural causes. Under the contract the producer shall agree—

(i) to effectuate the plan for his farm or ranch substantially in accordance with the schedule outlined therein unless any requirement thereof is waived or modified by the Secretary pursuant to paragraph (3) of this subsection;

(ii) to forfeit all rights to further payments or grants under the contract and refund to the United States all payments or grants received thereunder upon his violation of the contract at any stage during the time he has control of the farm if the Secretary determines that such violation is of such a nature as to warrant termination of the contract, or to make refunds or accept such payment adjustments as the Secretary may deem appropriate if he determines that the producer's violation does not warrant termination of the contract;

(iii) upon transfer of his right and interest in the farm or ranch during the contract period to forfeit all rights to further payments or grants under the contract and refund to the United States all payments or grants received thereunder unless the transferee of the farm or ranch agrees with the Secretary to assume all obligations of the contract;

(iv) not to adopt any practice specified by the Secretary in the contract as a practice which would tend to defeat the purposes of the contract;

(v) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of the program or to facilitate the practical administration of the program.

In return for such agreement by the producer the Secretary shall agree to share the cost of carrying out those conservation practices set forth in the contract for which he determines that cost-sharing is appropriate and in the public interest. The portion of such cost (including labor) to be shared shall be that part which the Secretary determines is necessary and appropriate to effectuate the physical installation of the conservation measures under the contract;

(2) the Secretary may terminate any contract with a producer by mutual agreement with the producer if the Secretary determines that such termination would be in the public interest, and may agree to such modification of contracts previously entered into as he may determine to be desirable to carry out the purposes of the program or facilitate the practical administration thereof;

[(3) insofar as the acreage of cropland on any farm enter into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract entered into under this subsection by reason of any action taken for the purpose of carrying out such contract;]

(3) *insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1958, as amended, the cropland acreage on the farm shall not be decreased during the period of any con-*

tract heretofore or hereafter entered into under this subsection by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;

[(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out the contract entered into under the program shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended;]

(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under the program or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended.

(5) in applying the provisions of paragraph (6) of Public Law 74, Seventy-seventh Congress (7 U.S.C. 1340(6)), relating to the reduction of storage amount of wheat, any acreage diverted from the production of wheat under the program carried out under this subsection shall be regarded as wheat acreage;

(6) the Secretary shall utilize the technical services of agencies of the Department of Agriculture in determining the scope and provisions of any plan and the acceptability of the plan for effectuating the purposes of the program. In addition the Secretary shall take into consideration programs of State and local agencies, including soil conservation districts, having for their purposes the objectives of maximum soil and water conservation;

(7) there is hereby authorized to be appropriated without fiscal year limitations, such sums as may be necessary to carry out this subsection: *Provided*, That the total cost of the program (excluding administrative costs) shall not exceed \$150,000,000, and for any program year payments shall not exceed \$25,000,000. The funds made available for the program under this subsection may be expended without regard to the maximum payment limitation and small payment increases required under section 8 (e) of this Act, and may be distributed among States without regard to distribution of funds formulas of section 15 of this Act. The program authorized under this subsection shall be in addition to, and not in substitution of, other programs in such area authorized by this or any other Act.

* * * * *

SOIL BANK ACT, AS AMENDED

* * * * *

EFFECT ON OTHER PROGRAMS

SEC. 112. Notwithstanding any other provision of law—

[(1) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be deemed to be decreased during the period of any contract entered into under the conservation reserve program by reason of the establishment and maintenance of vegetative cover or water storage facilities, or other soil-, water-, wildlife-, or forest-conserving uses, under such contract; and]

(1) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subtitle by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;

[(2) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity in order to carry out the contract entered into under the conservation reserve program shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended, and base acreages under this Act.]

(2) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under this subtitle or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

1881

H. K. 1240

1881

A. O. L.

86TH CONGRESS
2D SESSION

H. R. 12849

[Report No. 2109]

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 1960

Mr. POAGE introduced the following bill; which was referred to the Committee on Agriculture

AUGUST 18, 1960

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 16 of the Soil Conservation and Domestic Allot-
4 ment Act of 1938, as amended, is amended as follows:

5 (1) Paragraph (3) of subsection (b) is amended to
6 read as follows:

7 “(3) insofar as the acreage of cropland on any
8 farm enters into the determination of acreage allotments
9 and marketing quotas under the Agricultural Adjust-

1 ment Act of 1938, as amended, the cropland acreage
 2 on the farm shall not be decreased during the period
 3 of any contract heretofore or hereafter entered into under
 4 this subsection by reason of any action taken for the
 5 purpose of carrying out such contract and, under regu-
 6 lations of the Secretary, shall not be decreased, for
 7 such period after the expiration of the contract as is
 8 equal to the period of the contract, by reason of the
 9 maintenance of any change in land use from cultivated
 10 cropland to permanent vegetation carried out under the
 11 contract;”

12 (2) Paragraph (4) of subsection (b) is amended to
 13 read as follows:

14 “(4) the acreage on any farm ~~when~~ *which* is de-
 15 termined under regulations of the Secretary to have been
 16 diverted from the production of any commodity subject
 17 to acreage allotments or marketing quotas in order to
 18 carry out any contract heretofore or hereafter entered into
 19 under the program or in order to maintain, for such period
 20 after the expiration of the contract as is equal to the period
 21 of the contract, any change in land use from cultivated
 22 cropland to permanent vegetation carried out under the
 23 contract shall be considered acreage devoted to the com-
 24 modity for the purposes of establishing future State,

1 county, and farm acreage allotments under the Agricul-
2 tural Adjustment Act of 1938, as amended.”

3 SEC. 2. Section 112 of the Soil Bank Act, as amended,
4 is amended as follows:

5 (1) Paragraph (1) is amended to read as follows:

6 “(1) insofar as the acreage of cropland on any farm
7 enters into the determination of acreage allotments and
8 marketing quotas under the Agricultural Adjustment
9 Act of 1938, as amended, the cropland acreage on the
10 farm shall not be decreased during the period of any
11 contract heretofore or hereafter entered into under this
12 subtitle by reason of any action taken for the purpose of
13 carrying out such contract and, under regulations of the
14 Secretary, shall not be decreased, for such period after
15 the expiration of the contract as is equal to the period
16 of the contract, by reason of the maintenance of any
17 change in land use from cultivated cropland to perma-
18 nent vegetation carried out under the contract;”

19 (2) Paragraph (2) is amended to read as follows:

20 “(2) the acreage on any farm which is deter-
21 mined under regulations of the Secretary to have been
22 diverted from the production of any commodity subject
23 to acreage allotments or marketing quotas in order to
24 carry out any contract heretofore or hereafter entered

1 into under this subtitle or in order to maintain, for such
2 period after the expiration of the contract as is equal
3 to the period of the contract, any change in land use
4 from cultivated cropland to permanent vegetation car-
5 ried out under the contract shall be considered acreage
6 devoted to the commodity for the purposes of establish-
7 ing future State, county, and farm acreage allotments
8 under the Agricultural Adjustment Act of 1938, as
9 amended."

86TH CONGRESS
2D Session

H. R. 12849

[Report No. 2109]

A BILL

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments.

By Mr. POAGE

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Reported with an amendment

Aug 23, 1960

9. PERSONNEL; FOREIGN AFFAIRS. ^{House and Senate} Conferees were appointed on S. 2633, to amend the Foreign Service Act of 1946 relating to Foreign Service staff officers and the Foreign Service retirement system. pp. 15957-63, 16094
10. HOUSING. Both Houses received from the President the annual report of the Housing and Home Finance Agency on housing activities. pp. 15923, 16040
11. TARIFFS; SMALL BUSINESS. Sen. Sparkman inserted a tabulation of escape clause applications before the Tariff Commission as of July 1, 1960. p. 16016
Sen. Randolph inserted a report from the Select Committee on Small Business "Impact of Imports on Small Business," including six recommendations "for softening the impact of imports on American industry." p. 16032
12. RESEARCH. Sen. Clark inserted a magazine article, "CBR Versus Man," discussing the possible serious effects of chemical, biological, and radiological warfare on man. pp. 16027-30

HOUSE

13. STATE-JUSTICE APPROPRIATION BILL, 1961. Received the conference report on this bill, H. R. 11666 (H. Report 2136). pp. 16038-9, 16166
14. LABOR STANDARDS. Rep. Johansen objected to a unanimous consent request to agree to the conference requested by the Senate on H. R. 12677, to amend the Fair Labor Standards Act to increase the minimum wage and to increase the coverage under the Act. p. 16039
15. FISH AND WILDLIFE. Passed without amendment S. 1781, to facilitate cooperation between the Federal Government, colleges and universities, the States, and private organizations for cooperative unit programs of research and education relating to fish and wildlife. This bill will now be sent to the President. p. 16040
Passed without amendment H. J. Res. 713, to authorize the use of surplus grain by the States for emergency use in feeding of resident game birds and other wildlife. pp. 16044-5
16. RECREATION. Passed without amendment H. R. 12539, to authorize the Army, with the consent of Congress, to acquire lands and to establish facilities necessary for recreation purposes in connection with reservoir projects constructed with Federal funds. pp. 16040-1
17. PERSONNEL. Passed without amendment H. R. 12336, to amend the Classification Act of 1949 with respect to the preservation of basic compensation in downgrading actions. p. 16045
18. TRANSPORTATION. Passed as reported S. 1806, to revise title 18, chapter 39, of the United States Code, dealing with the transportation of "Explosive and Combustibles." pp. 16042-4
19. RECLAMATION. Passed without amendment S. 68, to provide for continued delivery of water under Federal reclamation laws to lands held by husband and wife upon the death of either. This bill will now be sent to the President. p. 16052
Received from Interior a report that "an adequate soil survey and land classification of the lands in the LaFeria division, lower Rio Grande rehabilitation project, Tex., has been completed" to formulate "a definite plan for project rehabilitation." p. 16166

20. LANDS. Passed as reported H. R. 11957, to facilitate the selection by Alaska, pursuant to the act of July 7, 1958, of certain public lands under outstanding mineral lease or permit. p. 16047

Passed with amendment (in lieu of H.R. 10418) S. 2806, to revise the boundaries of the Coronado National Memorial, Ariz., and to authorize the repair and maintenance of an access road thereto. pp. 16047-9

The Agriculture Committee voted to report (but did not actually report) H. R. 12491, to convey certain lands of Fremont County, Wyo.; and S. 3759, authorizing the Secretary of Agriculture to convey certain lands to Auburn University, Auburn, Ala. pp. D703, D705

Passed as reported H. R. 11200, to authorize the Secretary of the Interior to sell reserved mineral interests of the U. S. in lands located in Fla. to the record owners of the surface thereof. pp. 16049-50

Passed as reported H. R. 9732, to authorize the Secretary of Agriculture to convey certain property to Trinity County, Calif. pp. 16050-2

Passed without amendment S. 3070, to provide for the removal of restriction on use with respect to certain lands in Morton County, N. Dak., conveyed to N. Dak. in 1955. This bill will now be sent to the President. p. 16055

Passed without amendment S. 2772, to authorize the Secretary of Agriculture to convey land in the town of Cascade, Colo. This bill will now be sent to the President. pp. 16055-6

The Public Lands Subcommittee of the Interior and Insular Affairs Committee voted to report the following bills: S. 2757 (amended), to permit any State to acquire certain public lands for recreational use; and S. 3267, to amend the act of Oct. 17, 1940, relating to the disposition of certain public lands in Alaska. p. D706

21. CLAIMS. Passed without amendment H. R. 9523, to simplify the payment of certain miscellaneous judgments and the payment of certain compromise settlements. pp. 16053-4

Received from the President a supplemental appropriation estimate to pay various claims and judgments rendered against the U. S. (H.Doc. 452). p. 16166

22. GRAPES AND PLUMS. Passed without amendment S. 1857, to establish minimum standards on grapes and plums in foreign commerce. This bill will now be sent to the President. pp. 16054-5

23. ACREAGE ALLOTMENTS. Passed as reported H. R. 12849, to protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments. p. 16055

24. HALL OF FAME. Agreed to Senate amendments to H. R. 5789, to incorporate the Agricultural Hall of Fame. This bill will now be sent to the President. p. 16151

25. MINERALS. Received the conference report on H. R. 10455, to amend the Mineral Leasing Act of Feb. 25, 1920 (H. Rept. 2135). pp. 16151-5

26. PASSED OVER the following bills:

H. R. 8074, to permit the assignment of agricultural attaches to duty in the U.S. for a maximum of four years without reduction in grade; (p. 16040)

H. R. 12419, to provide for advance consultation with the Fish and Wildlife Service and with State wildlife agencies before the beginning of any Federal program involving the use of pesticides or other chemicals designed for mass biological controls; (p. 16040)

H. R. 6743, to provide for certain survivors' annuities in additional cases under the Civil Service Retirement Act of May 29, 1930. p. 16042

arrangements satisfactory to the Secretary, or his designated representative, for carrying out the purposes of this Act cannot be made the fees collected hereunder in such cases shall be available until expended to defray the cost of the service rendered, and in such cases the limitations on the amounts expended for the purchase and maintenance of motor-propelled passenger-carrying vehicles shall not be applicable: *Provided further*, That certificates issued by the authorized agents of the United States Department of Agriculture shall be received in all courts of the United States as prima facie evidence of the truth of the statements therein contained.

SEC. 6. After opportunity for hearing the Secretary is authorized to refuse the issuance of certificates under this Act for periods not exceeding ninety days to any person who ships or offers for shipment any grapes or plums in foreign commerce in violation of any of the provisions of this Act. Any person or any common carrier or any transportation agency violating any of the provisions of this Act shall be fined not less than \$100 nor more than \$10,000 by a court of competent jurisdiction.

SEC. 7. The Secretary may make such rules, regulations, and orders, and require such reports, as may be necessary to carry out the provisions of this Act, and may cooperate with any department or agency of the Government, any State, Territory, District, or possession, or department, agency, or political subdivision thereof, or any person, whether operating in one or more jurisdictions; and shall have the power to appoint, remove, and fix the compensation of such officers and employees not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, binding, telegrams, telephones, law books, books of reference, publications, furniture, stationery, office equipment, travel, and other supplies and expenses including reporting services, as shall be necessary to the administration of this Act in the District of Columbia and elsewhere, and as may be appropriated for by Congress. This Act shall not abrogate nor nullify any other statute, whether State or Federal, dealing with the same subjects as this Act; but it is intended that all such statutes shall remain in full force and effect except insofar as they are inconsistent herewith or repugnant hereto.

SEC. 8. If any provision of the Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

SEC. 9. That when used in this Act—

(1) The term "person" includes individuals, partnerships, corporations, and associations.

(2) The term "Secretary" means the Secretary of Agriculture.

(3) Except as provided herein, the term "foreign commerce" means commerce between any State, or the District of Columbia, and any place outside of the United States or its possessions.

(4) The term "grapes" means vinifera species table grapes, European type, whether or not they have been in storage.

(5) The term "plums" means both European and Japanese type, whether or not they have been in storage, but does not mean Italian-type prunes, nor damson-type plums.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

USE OF CERTAIN LANDS IN MORTON COUNTY, N. DAK.

The Clerk called the bill (S. 3070) to provide for the removal of the restriction on use with respect to certain lands in Morton County, N. Dak., conveyed to the State of North Dakota on July 20, 1955.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized and directed to convey, without consideration and by quitclaim deed or other appropriate means, all reversionary interest which the United States has in and to certain lands in Morton County, North Dakota, by reason of the provision of the deed of July 20, 1955, whereby the United States, in conveying such lands to the State of North Dakota, provided that, if such lands ceased to be used for public purposes, title thereto should immediately revert to and become revested in the United States. Such lands are more particularly described as follows:

The southwest quarter of section 26 in township 139 north of range 81 west of the fifth Principal meridian, and lots 3 and 4, also known as the north half of the northwest quarter of section 1 of township 138 north of range 81 west of the fifth Principal meridian, containing 210.2 acres, more or less, and together therewith all accretion land and all and singular the water rights and other rights, tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONSERVATION RESERVE PROGRAMS

The Clerk called the bill (H.R. 12849) to protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16 of the Soil Conservation and Domestic Allotment Act of 1938, as amended, is amended as follows:

(1) Paragraph (3) of subsection (b) is amended to read as follows:

"(3) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subsection by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;"

(2) Paragraph (4) of subsection (b) is amended to read as follows:

"(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under the program or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

SEC. 2. Section 112 of the Soil Bank Act, as amended, is amended as follows:

(1) Paragraph (1) is amended to read as follows:

"(1) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subtitle by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;"

(2) Paragraph (2) is amended to read as follows:

"(2) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under this subtitle or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

With the following committee amendment:

Page 2, line 14, strike out "whch" and insert "which".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LAND CONVEYANCE TO CLEAR TITLE, CASCADE, COLO.

The Clerk called the bill (S. 2772) to authorize the Secretary of Agriculture to convey land in the town of Cascade, El Paso County, Colo.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to convey by quitclaim deed, without consideration, to Mary E. Cusack, her heirs, devisees

or other successors in interest, donor in a certain deed to the United States dated May 5, 1920, filed for record in El Paso County on December 30, 1920, and recorded in book 627, page 439, all the right, title, and interest of the United States in and to the following described land located in the town of Cascade, El Paso County, Colorado: The easterly one hundred feet of lots numbered 7, 8, 9, 10, 11, 12, 13 and 14, block 24, all in addition numbered 1 to the said townsite of Cascade, El Paso County, Colorado, and lying and being within section 26, township 13 south, range 68 west of the Sixth principal meridian: *Provided*, That application for any such conveyance and proof of interest satisfactory to the Secretary of Agriculture shall be made within five years from the date of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER pro tempore. This concludes the call of the Consent Calendar.

APPROACH ROADS TO FERRY FACILITIES

Mr. RIVERS of Alaska. Mr. Speaker, the language in the bill (H.R. 11240) to amend title 23, United States Code, to provide for participation of Federal-aid highway funds in the construction of approved roads to ferry facilities in the Federal aid system, a bill which was passed on the call of the Consent Calendar earlier this morning, is included in another bill which is already law, so this bill serves no further purpose. Therefore, I ask unanimous consent that the proceedings by which the bill (H.R. 11240) was passed be vacated and that that bill be laid on the table.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alaska?

There was no objection.

PRINCESS ANNE COUNTY SCHOOL BOARD, VIRGINIA

Mr. LANE. Mr. Speaker, I ask unanimous consent to return for immediate consideration to Calendar No. 508 the bill (H.R. 11136) for the relief of the Princess Anne County School Board, Virginia.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

Mr. PELLY. Reserving the right to object, Mr. Speaker, it is my understanding this bill was opposed by the Department of the Navy, and on that basis I asked unanimous consent that the bill be passed over without prejudice, which was granted. If there is any information I did not have concerning this measure, I would be constrained to reconsider. Am I correct that the Navy Department opposes this legislation?

Mr. LANE. May I say that there was no opposition in the Committee on the Judiciary to this bill. This was brought to our attention by the school authorities in the Oceana Public School in Oceana, Va., due to the fact that they were having this very serious situation connected with Princess Anne County in Virginia.

The school is operated there at the Naval Air Base. The jet base is at that location. As a result of the noise caused by the jet aircraft, the school committee there and the school authorities and the school superintendent decided that there was nothing else they could do but to close the school down indicating that they felt there was no opposition to it, but the Navy did send a letter in opposition to this legislation. May I say to the gentleman, the naval authorities through their personnel at the airbase have been very, very sympathetic to this situation. They have worked feelingly with the school committee and the school superintendent and the town authorities to try to eliminate this nuisance. They have felt, as the committee have felt, in an individual way that the Government should reimburse Princess Anne County for their damage in order that they may erect a school in that area to take care of the 1,200 children affected by the jet airbase located so close to the school. As I repeat, and I want to repeat it over and over again, there was evidence offered to us not only by those who presented their arguments to the committee but through moving pictures that were shown to the committee and by other evidence in favor of this legislation that those who were closest to the situation, and I mean the Government people and the Navy people, felt as your committee felt, that something should be done about this situation.

May I say to the gentleman in conclusion, that this does not set any new precedents. Your committee has taken the same action in behalf of a school in the State of Indiana and also have taken care of a situation at Portsmouth, N.H. But in this particular bill, your committee could not decide as to the amount of the damage. We had no evidence on that and we felt the matter should be judicially determined and instead of giving them the award outright, the matter should be sent to the Court of Claims to decide how much Princess Anne County is entitled to take care of this nuisance so that they might go ahead and construct a new school.

Mr. PELLY. Mr. Speaker, I thank the distinguished gentleman from Massachusetts for clarifying the situation. I did read the letter of the Under Secretary of the Navy, Mr. F. A. Bantz, which stated that the Department of the Navy has consistently opposed such legislation on the basis that by such means we usurp the functions of our courts. As I understand, the change in jurisdiction has now satisfied the objection of the Navy. Therefore, Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Massachusetts [Mr. LANE]?

There was no objection.

The Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Princess Anne County School Board, Princess

Anne County, Virginia, the sum of \$345,000, upon the conveyance to the United States within the one-year period beginning on the date of enactment of this Act of all right, title, and interest of such Board in and to such school property. The payment of such sum shall be in full settlement of all claims of the said Board against the United States on account of the loss of use of the school property known as Oceana Public School, and the cost of relocating such school, because of the noise and danger from jet-powered aircraft using the nearby Oceana Naval Air Station: *Provided*, That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendments:

Page 1, line 6, strike "the sum of \$345,000" and insert "the amount fixed by the Court of Claims in accordance with section 2 of this Act."

Page 1, line 8, strike "of enactment of this Act" and insert "that Court certifies its determination of value as directed in section 2 of this Act."

Page 2, line 5, strike "appropriated" and insert "paid as provided".

Page 2, following line 12 add a new section as follows:

"SEC. 2. Jurisdiction is hereby conferred on the Court of Claims to hear evidence concerning the value of the school property known as the Oceana Public School, determine that value, and certify its determination to the Secretary of the Treasury for payment of the amount found due to the Princess Anne County School Board, Princess Anne County, Virginia, in accordance with the authority contained in section 1 of this Act."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PRIVATE CALENDAR

The SPEAKER pro tempore (Mr. ALBERT). This is the day for the call of the private calendar.

The Clerk will call the first bill on the calendar.

WILLIAM L. BERRYMAN

The Clerk called the bill (H.R. 8885) for the relief of William L. Berryman.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of \$50,000 to William L. Berryman, in full settlement of all claims against the United States. That such sum represents the financial loss incurred by Mr. Berryman, resulting from a physical injury received in Portland, Maine, on November 22, 1949. This claim is not cognizable under the Federal Tort Claims Act of 1946.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of Aug. 24, 1960
86th-2d, No. 141

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HIGHLIGHTS: Sens. Ellender and Eastland criticized President's proposal on sugar. House received this Department's proposal to amend and extend Sugar Act. Senate passed mutual security appropriation bill. Sen. Case, S. Dak., submitted wheat amendment, but action was postponed. House received conference report on Labor-HEW appropriation bill. Both Houses agreed to conference report on State-Justice appropriation bill. Rep. Santangelo criticized Mexican farm-labor program. Sen. Hickenlooper discussed bill to extend conservation reserve program.

SENATE

1. SUGAR. Sen. Ellender criticized the President's message requesting authority to purchase from other countries 322,000 short tons of sugar which has been allocated to the Dominican Republic, charged the State Department with "failure to permit the importation into the United States of some 322,000 tons of sugar from the Dominican Republic" and of ignoring "the system of priorities carefully created by the Congress," and stated that he would oppose any proposal to re-allocate this quota for the Dominican Republic. Sen. Eastland commended and supported the statement of Sen. Ellender. pp. 16174-86
2. MUTUAL SECURITY APPROPRIATION BILL, 1961. By a vote of 67 to 26, passed with amendments this bill, H. R. 12619 (pp. 16193-231). (See Digest 140 for items of interest to this Department.) Senate conferees were appointed (p. 16231). House conferees were appointed (p. 16285).

3. STATE-JUSTICE APPROPRIATION BILL, 1961. Both Houses agreed to the conference report on this bill, H. R. 11666, and acted on the one amendment in disagreement. This bill will now be sent to the President. pp. 16238-45, 16247-9
4. ACREAGE ALLOTMENTS; WHEAT. Sen. Ellender requested consideration of H. R. 12849, to protect farm and ranch operators making certain land-use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments, but withdrew his request after Sen. Case, S. Dak., proposed to offer an amendment on wheat. Sen. Case explained that the proposed wheat amendment would fix wheat price supports at 77 percent of parity, reduce wheat acreage by 22 percent, and provide a payment in kind for wheat at 55 percent of the idle acres under the 22-percent reduction. pp. 16233-6
5. LANDS. Concurred in the House amendment to S. 2806, to revise the boundaries of the Coronado National Memorial and to authorize the repair and maintenance of an access road to the Memorial. This bill will now be sent to the President. pp. 16231-2
6. CONTRACTS. Concurred in the House amendment to S. 3487, to amend the "Anti-Kickback Statute" to extend it to all negotiated contracts. This bill will now be sent to the President. pp. 16236-7
7. MINERALS. Both Houses agreed to the conference report on H. R. 10455, to revise and simplify several provisions of the Mineral Leasing Act of 1920. This bill will now be sent to the President. pp. 16232-3, 16249-50
8. IMPORTS. The Finance Committee voted to report (but did not actually report) without amendment H. R. 12659, to suspend import duties on heptanoic acid for 3 years. p. D710
9. FARM CREDIT. Sen. Humphrey stated that "one of the pressing needs of modern-day agriculture is the expansion and improvement of the farm-credit facilities," and inserted a letter from the president of the Minn. Farmers Union favoring expansion of farm-credit facilities. pp. 16227-8
10. COMMITTEE ASSIGNMENTS. Sen. Burdick was assigned to the Interior and Insular Affairs Committee and Sen. Martin was excused from further service on the Committee, and Sen. Young, N. Dak., was assigned to the Post Office and Civil Service Committee. p. 16232
11. LEGISLATIVE PROGRAM. S. 3625, to establish a Wabash Basin Interagency Water Resources Commission, was made the unfinished business (pp. 16245-6). Sen. Johnson announced that the Calendar will be called Thurs., Aug. 25 (p. 16246).

HOUSE

12. SURPLUS COMMODITIES. The Agriculture Committee reported without amendment S. 3146, to authorize CCC to donate dairy products and other agricultural commodities for use in home economics courses (H. Rept. 2139). p. 16328
13. LANDS. The Agriculture Committee reported without amendment H. R. 12491, to authorize the Secretary of Agriculture to convey certain lands to Fremont County, Wyo. (H. Rept. 2138). p. 16328
14. LABOR-HEW APPROPRIATION BILL, 1961. Received the conference report on this bill H. R. 11390 (H. Rept. 2152). This report provides \$1,404,100 as proposed by the Senate for the Mexican farm labor program rather than the \$1,344,100 as pro

86TH CONGRESS
2D SESSION

H. R. 12849

IN THE SENATE OF THE UNITED STATES

AUGUST 24, 1960

Received, read twice and ordered to lie on the table

AN ACT

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 16 of the Soil Conservation and Domestic Allot-
4 ment Act of 1938, as amended, is amended as follows: 31

5 (1) Paragraph (3) of subsection (b) is amended to
6 read as follows: 13

7 “(3) insofar as the acreage of cropland on any
8 farm enters into the determination of acreage allotments
9 and marketing quotas under the Agricultural Adjust-

1 ment Act of 1938, as amended, the cropland acreage
2 on the farm shall not be decreased during the period
3 of any contract heretofore or hereafter entered into under
4 this subsection by reason of any action taken for the
5 purpose of carrying out such contract and, under regu-
6 lations of the Secretary, shall not be decreased, for
7 such period after the expiration of the contract as is
8 equal to the period of the contract, by reason of the
9 maintenance of any change in land use from cultivated
10 cropland to permanent vegetation carried out under the
11 contract;”

12 (2) Paragraph (4) of subsection (b) is amended to
13 read as follows:

14 “(4) the acreage on any farm which is deter-
15 mined under regulations of the Secretary to have been
16 diverted from the production of any commodity subject
17 to acreage allotments or marketing quotas in order to
18 carry out any contract heretofore or hereafter entered into
19 under the program or in order to maintain, for such pe-
20 riod after the expiration of the contract as is equal to the
21 period of the contract, any change in land use from culti-
22 vated cropland to permanent vegetation carried out under
23 the contract shall be considered acreage devoted to the
24 commodity for the purposes of establishing future State,

1 county, and farm acreage allotments under the Agricul-
2 tural Adjustment Act of 1938, as amended.”

3 SEC. 2. Section 112 of the Soil Bank Act, as amended,
4 is amended as follows:

5 (1) Paragraph (1) is amended to read as follows:

6 “(1) insofar as the acreage of cropland on any farm
7 enters into the determination of acreage allotments and
8 marketing quotas under the Agricultural Adjustment
9 Act of 1938, as amended, the cropland acreage on the
10 farm shall not be decreased during the period of any
11 contract heretofore or hereafter entered into under this
12 subtitle by reason of any action taken for the purpose of
13 carrying out such contract and, under regulations of the
14 Secretary, shall not be decreased, for such period after
15 the expiration of the contract as is equal to the period
16 of the contract, by reason of the maintenance of any
17 change in land use from cultivated cropland to perma-
18 nent vegetation carried out under the contract;”

19 (2) Paragraph (2) is amended to read as follows:

20 “(2) the acreage on any farm which is deter-
21 mined under regulations of the Secretary to have been
22 diverted from the production of any commodity subject
23 to acreage allotments or marketing quotas in order to
24 carry out any contract heretofore or hereafter entered

into under this subtitle or in order to maintain, for such
 period after the expiration of the contract as is equal
 to the period of the contract, any change in land use
 from cultivated cropland to permanent vegetation car-
 ried out under the contract shall be considered acreage
 devoted to the commodity for the purposes of establish-
 ing future State, county, and farm acreage allotments
 under the Agricultural Adjustment Act of 1938, as
 amended."

Passed the House of Representatives August 23, 1960.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments.

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86TH CONGRESS
2D SESSION

H. R. 12849

IN THE SENATE OF THE UNITED STATES

AUGUST 24, 1960

Ordered to lie on the table and to be printed

AMENDMENTS

Intended to be proposed by Mr. CASE of South Dakota to the bill (H.R. 12849) to protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments, viz:

1 On page 1, after line 2, insert "TITLE I—GREAT
2 PLAINS CONSERVATION PROGRAM" and renumber
3 sections 1 and 2 as 101 and 102 accordingly.

4 Following title I add a new title reading as follows:

5 "TITLE II—PRICE SUPPORT AND ALLOTMENTS

6 "SEC. 201. Title I of the Agricultural Act of 1949, as
7 amended, is amended by adding the following new sections:

8 " 'SEC. 107. (a) Notwithstanding the provisions of sec-

tion 101 of this Act, for each of the 1961, 1962, and 1963 crops of wheat price support shall be made available as provided in this section. The support price for each such crop shall be 77 per centum of the parity price therefor. Price support under the foregoing provision of this section shall be made available only to cooperators, only in the commercial wheat-producing area, and only if producers have not disapproved marketing quotas for the crop. In case marketing quotas are disapproved, price support to cooperators shall be as provided in section 101 (d) (3).

“(b) If marketing quotas are in effect for the particular crop of wheat, wheat of any such crop, and any other commodity produced on a farm to which a wheat marketing quota is applicable and in the calendar year in which wheat of any such crop is normally harvested, shall be eligible for price support only if—

“(1) the farm is in compliance with the farm wheat acreage allotment for such crop;

“(2) the total acreage on the farm devoted to the production of nonconserving crops as determined by the Secretary which would normally be harvested in the calendar year in which such wheat crop is normally harvested does not exceed the total average annual acreage on the farm devoted to the production of such nonconserving crops for harvest in 1958 and 1959, less an

1 acreage equal to 22 per centum of the farm acreage
2 allotment for such crop of wheat which would be in
3 effect for the farm except for the reduction thereof as
4 provided in section 334 (c) (2) of the Agricultural Ad-
5 justment Act of 1938, as amended; and

6 “ ‘ (3) the producers on the farm in accordance with
7 regulations prescribed by the Secretary—

8 “ ‘ (i) designate an acreage on the farm equal
9 to the 22 per centum reduction in the farm acreage
10 allotment required under section 334 (c) (2) of the
11 Agricultural Adjustment Act of 1938, as amended,
12 for the particular crop of wheat, and

13 “ ‘ (ii) do not produce any crop thereon which is
14 normally harvested in the calendar year in which
15 the particular crop of wheat is normally harvested
16 and do not graze such acreage during such year.

17 A farm shall be deemed in compliance with the require-
18 ments of clauses (1) and (2) if no crop not subject to acre-
19 age allotments is produced on the farm for harvest, and the
20 farm is in compliance with the farm acreage allotments. In
21 accordance with regulations prescribed by the Secretary, the
22 acreage of such nonconserving crops for harvest in 1958 and
23 1959 may be adjusted to the extent the Secretary deter-
24 mines appropriate for abnormal weather conditions, estab-
25 lished crop rotation practices for the farm, changes in the con-

stitution of the farm, participation in soil bank or Great Plains programs, or to give effect to the provisions of law relating to release and reapportionment or preservation of history, and such other factors as the Secretary may deem appropriate. For the purposes of eligibility for price support a producer shall not be deemed to have violated any of the foregoing conditions unless the producer knowingly violated such condition, but the Secretary may provide by regulation for adjusting any payment in kind under subsection (c) or (d) on account of any violation of any such condition or any other condition of eligibility for such payment. For the purposes of this section a wheat marketing quota shall not be deemed to be applicable to any farm exempt from wheat marketing quotas under item (7) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340 (7)) or exempt from wheat marketing penalties under section 335 (f) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1335 (f)).

“(c) Producers of wheat meeting the foregoing conditions of eligibility for price support for any calendar year shall be entitled for such year to a wheat payment in kind from Commodity Credit Corporation stocks equal in value to 55 per centum of the average annual yield in bushels of wheat per harvested acre on the farm for the three years immediately preceding the year for which the designation is

1 made, adjusted for abnormal weather conditions and as de-
2 termined under regulations prescribed by the Secretary mul-
3 tiplied by the number of designated acres. Such wheat may
4 be marketed without penalty but shall not be eligible for
5 price support. The payment in kind shall be made by the
6 issuance of a negotiable certificate which Commodity Credit
7 Corporation shall redeem in wheat equal in value to the value
8 of the certificate. The certificate shall have a value equal
9 to the number of bushels determined as aforesaid multi-
10 plied by the basic county support rate per bushel for number
11 one wheat of the crop normally harvested in the year for
12 which the acreage is designated and for the county in which
13 the designated acreage is located. The wheat redeemable
14 for such certificate shall be valued at the market price thereof
15 as determined by Commodity Credit Corporation. The Sec-
16 retary shall provide by regulation for the sharing of a cer-
17 tificate among producers on the farm on a fair and equitable
18 basis. The acreage designated under this section shall be
19 in addition to any acreage devoted to the conservation re-
20 serve program.

21 “ ‘(d) If marketing quotas are in effect for the 1961
22 crop of wheat and the producers on the farm agree to meet
23 the requirements of subsection (b) for 1961, 1962, and
24 1963, and in accordance with regulations prescribed by the
25 Secretary—

1 “(1) designate an acreage on the farm equal to not
2 less than 22 per centum nor more than 100 per centum
3 of the acreage allotment which would be in effect for
4 the farm for the 1961 crop of wheat except for the reduc-
5 tion thereof as provided in section 334 (c) (2) of the
6 Agricultural Adjustment Act of 1938, as amended, and
7 do not produce any crop thereon which is normally har-
8 vested in the calendar years 1961, 1962, and 1963 and
9 do not graze such acreage during such years, but devote
10 such acreage to soil and water conserving uses; .

11 “(2) reduce by the number of acres so designated
12 the acreage of wheat on the farm in each such year
13 below the acreage allotment which would be in effect for
14 the farm for such year except for the reduction thereof as
15 provided in section 334 (c) (2) of the Agricultural Ad-
16 justment Act of 1938, as amended; and

17 “(3) reduce by the number of acres so designated
18 the acreage of nonconserving crops on the farm in each
19 such calendar year below the average annual acreage on
20 the farm devoted to the production of such nonconserv-
21 ing crops for harvest for 1958 and 1959 adjusted as pro-
22 vided in subsection (b) ,

23 such producers shall be entitled to a wheat payment in kind,
24 in lieu of the payment provided by subsection (c) , for each
25 such year from Commodity Credit Corporation stocks equal in

1 value to 55 per centum of the average annual yield in bushels
2 of wheat per harvested acre on the farm for the three years
3 1958 through 1960, adjusted for abnormal weather conditions
4 and as determined under regulations prescribed by the Sec-
5 retary, multiplied by the number of designated acres. Such
6 wheat may be marketed without penalty but shall not be
7 eligible for price support. The payment in kind shall be made
8 by the issuance of a negotiable certificate which Commodity
9 Credit Corporation shall redeem in wheat equal in value to the
10 value of the certificate. The certificate shall have a value equal
11 to the number of bushels determined as aforesaid multiplied by
12 the basic county support rate per bushel for number one wheat
13 of the crop normally harvested in the year for which the pay-
14 ment is made and for the county in which the designated acre-
15 age is located. The wheat redeemable for such certificate shall
16 be valued at the market price thereof as determined by Com-
17 modity Credit Corporation. The Secretary shall provide by
18 regulation for the sharing of a certificate among producers
19 on the farm on a fair and equitable basis. The share of any
20 producer in certificates issued under this subsection with
21 respect to any year and with respect to all farms in which
22 he has an interest, based on the face value of the certificates,
23 shall not exceed the greater of (1) \$10,000, or (2) such
24 producer's share of payments made under this subsection
25 for acreage required to be designated either in 1961 or in

1 such year as a condition of price support. If such producers
2 fail to comply with the requirements of this subsection for all
3 or any part of the three year period, such producers shall for-
4 feit or refund in cash all or such part of the payments pro-
5 vided for by this subsection as the Secretary determines to
6 be fair and equitable and prescribes by regulation. The acre-
7 age on any farm which is determined under regulations of the
8 Secretary to have been diverted from the production of wheat
9 by reason of designation under this subsection shall be con-
10 sidered acreage devoted to wheat for the purposes of establish-
11 ing future State, county, and farm acreage allotments under
12 the Agricultural Adjustment Act of 1938, as amended. In
13 applying the provisions of paragraph (6) of Public Law 74,
14 Seventy-seventh Congress (7 U.S.C. 1340 (6)), and sec-
15 tion 326 (b) of the Agricultural Adjustment Act of 1938, as
16 amended (7 U.S.C. 1326 (b)), relating to reduction of the
17 storage amount of wheat that part of the acreage designated
18 under this subsection in excess of the 22 per centum reduc-
19 tion required under section 334 (c) (2) of the Agricultural
20 Adjustment Act of 1938 on any farm shall be regarded as
21 wheat acreage on the farm of normal production as that term
22 is defined in section 301 (b) (9) of the Agricultural Adjust-
23 ment Act of 1938, as amended (7 U.S.C. 1301 (b) (9)).

24 “SEC. 108. Notwithstanding the provisions of section
25 101 or 107 of this Act or any provision of the Agricultural

1 Adjustment Act of 1938, if marketing quotas are disapproved
2 for the 1961 crop of wheat, the level of price support to co-
3 operators and noncooperators for the 1961 crop and each
4 subsequent crop of wheat shall be 50 per centum of the parity
5 price of wheat and no national marketing quota or acreage
6 allotment shall be proclaimed with respect to any subsequent
7 crop of wheat: *Provided*, That if price support at 50 per
8 centum of the parity price is in effect under this section, the
9 current price support for wheat, for the purposes of section
10 407 of the Agricultural Act of 1949, as amended, shall be
11 determined on the basis of a price support level for wheat of
12 77 per centum of the parity price therefor.'

13 "SEC. 202. (a) Item (1) of Public Law 74, Seventy-
14 seventh Congress, as amended, is amended, effective begin-
15 ning with the 1961 crop of wheat, to read as follows:

16 "“(1) If a national marketing quota for wheat is in
17 effect for any marketing year, farm marketing quotas shall
18 be in effect for the crop of wheat which is normally har-
19 vested in the calendar year in which such marketing year
20 begins. The farm marketing quota for any crop of wheat
21 shall be the actual production of the acreage planted to such
22 crop of wheat on the farm less the farm marketing excess.
23 The farm marketing excess shall be an amount equal to
24 double the normal yield of wheat per acre established for

1 the farm multiplied by the number of acres planted to such
2 crop of wheat on the farm in excess of the farm acreage allot-
3 ment for such crop unless the producer, in accordance with
4 regulations prescribed by the Secretary and within the time
5 prescribed therein, establishes to the satisfaction of the Sec-
6 retary the actual production of such crop of wheat on the
7 farm. If such actual production is so established the farm
8 marketing excess shall be such actual production less the
9 actual production of the farm wheat acreage allotment.
10 Actual production of the farm wheat acreage allotment shall
11 mean the actual average yield per harvested acre of wheat
12 on the farm multiplied by the number of acres constituting
13 the farm acreage allotment. In determining the actual
14 average yield per harvested acre of wheat and the actual
15 production of wheat on the farm any acreage utilized for
16 feed without threshing after the wheat is headed, or avail-
17 able for such utilization at the time the actual production is
18 determined, shall be considered harvested acreage and the
19 production thereof in terms of grain shall be appraised in
20 accordance with regulations prescribed by the Secretary and
21 such production included in the actual production of wheat
22 on the farm. The acreage planted to wheat on a farm
23 shall include all acreage planted to wheat for any purpose
24 and self-seeded (volunteer) wheat, but shall not include

1 any acreage that is disposed of prior to harvest in accord-
2 ance with regulations prescribed by the Secretary.'

3 " (b) Item (2) of Public Law 74, Seventy-seventh Con-
4 gress, as amended, is amended, effective beginning with the
5 1961 crop of wheat, to read as follows:

6 " '(2) During any marketing year for which quotas are
7 in effect, the producer shall be subject to a penalty on the
8 farm marketing excess of wheat. The rate of the penalty shall
9 be 65 per centum of the parity price per bushel of wheat as
10 of May 1 of the calendar year in which the crop is harvested.'

11 " (c) Item (3) of Public Law 74, Seventy-seventh Con-
12 gress, as amended, is amended, effective beginning with the
13 1961 crop of wheat, to read as follows:

14 " '(3) The farm marketing excess for wheat shall be
15 regarded as available for marketing, and the penalty and the
16 storage amount or amounts of wheat to be delivered to the
17 Secretary shall be computed upon double the normal pro-
18 duction of the excess acreage. If the farm marketing excess
19 so computed is adjusted downward on the basis of actual
20 production, the difference between the amount of the penalty
21 or storage computed on the basis of double the normal pro-
22 duction and as computed on actual production shall be re-
23 turned to or allowed the producer or a corresponding adjust-
24 ment made in the amount to be delivered to the Secretary

1 if the producer elects to make such delivery. The Secretary
 2 shall issue regulations under which the farm marketing
 3 excess of wheat for the farm shall be stored or delivered to
 4 him. Upon failure to store, or deliver to the Secretary, the
 5 farm marketing excess within such time as may be deter-
 6 mined under regulations prescribed by the Secretary the
 7 penalty computed as aforesaid shall be paid by the producer.
 8 Any wheat delivered to the Secretary hereunder shall be-
 9 come the property of the United States and shall be disposed
 10 of by the Secretary for relief purposes in the United States
 11 or foreign countries or in such other manner as he shall
 12 determine will divert it from the normal channels of trade
 13 and commerce.'

14 " (d) Item (7) of Public Law 74, Seventy-seventh Con-
 15 gress, as amended (7 U.S.C. 1340 (7)), is amended to
 16 read as follows:

17 " (7) A farm marketing quota on any crop of wheat
 18 shall not be applicable to any farm on which the acreage
 19 planted to wheat for such crop does not exceed fifteen acres:
 20 *Provided, however,* That a farm marketing quota on the 1961
 21 and subsequent crops of wheat shall be applicable to—

22 " (i) any farm on which the acreage of wheat ex-
 23 ceeds the smaller of (1) twelve acres or (2) the highest

1 number of acres planted to wheat on the farm for harvest
2 in the calendar years 1956, 1957, 1958, 1959, or 1960;
3 and

4 “ ‘(ii) any farm on which any wheat is planted
5 if any of the producers who share in the wheat produced
6 on such farm share in the wheat produced on any other
7 farm.’

8 “(e) Item (12) of Public Law 74, Seventy-seventh
9 Congress, as amended (7 U.S.C. 1340 (12)), is repealed,
10 effective beginning with the 1961 crop of wheat.

11 “(f) Section 326 (b) of the Agricultural Adjustment
12 Act of 1938, as amended, is amended, effective beginning
13 with the 1961 crop of wheat, to read as follows:

14 “ ‘(b) If a farm is in compliance with its farm acreage
15 allotment for any crop of wheat and the actual production of
16 such crop of wheat on the farm is less than the normal pro-
17 duction of the farm wheat acreage allotment, an amount
18 equal to the deficiency may be marketed without penalty
19 from wheat of previous crops stored by the producers on the
20 farm to postpone the payment of marketing quota penalties.’

21 “SEC. 203. The Agricultural Adjustment Act of 1938,
22 as amended, is amended as follows:

23 “(a) Section 334 is amended by inserting ‘(1)’ after

1 ‘(c)’ and adding a new subparagraph (2) following sub-
2 paragraph (c) (1) to read as follows:

3 “ ‘(2) Notwithstanding any other provision of law, each
4 old or new farm acreage allotment for the 1961 and subse-
5 quent crops of wheat as determined on the basis of a mini-
6 mum national acreage allotment of fifty-five million acres
7 shall be reduced by 22 per centum. In the event notices of
8 farm acreage allotments for the 1961 crop of wheat have
9 been mailed to farm operators prior to the effective date of
10 this subparagraph (2) new notices showing the required
11 reduction shall be mailed to farm operators as soon as prac-
12 ticable.’

13 “(b) Section 334 (e) is amended to read as follows:

14 “ ‘(e) If, with respect to any crop of wheat, the Secre-
15 tary determines that the production of any kind of wheat will
16 be inadequate to provide a sufficient quantity of that kind of
17 wheat to satisfy the demand therefor, the wheat acreage allot-
18 ment (and the number of acres which may be planted under
19 item (7) (i) of Public Law 74, Seventy-seventh Congress,
20 without making a farm marketing quota applicable to the
21 farm) for such crop for each farm located in a county which
22 has produced such wheat for commercial food products during
23 one or more of the five years immediately preceding the year
24 in which such crop is harvested, shall be increased by such
25 uniform percentage as he deems necessary to provide for such

1 quantity. No increase shall be made under this subsection in
2 the wheat acreage allotment of any farm (or in the acreage
3 which may be planted without making a farm marketing
4 quota applicable to the farm) for any crop if any kind of
5 wheat other than that for which the increase is made is
6 planted on such farm for such crop. Any increases in wheat
7 acreage allotments authorized by this subsection shall be in
8 addition to the National, State, and county wheat acreage
9 allotments, and such increases shall not be considered in
10 establishing future State, county, and farm allotments. The
11 provisions of paragraph (6) of Public Law 74, Seventy-
12 seventh Congress (7 U.S.C. 1340 (6)), and section 326 (b)
13 of this Act, relating to the reduction of the storage amount
14 of wheat shall apply to the allotment for the farm established
15 without regard to this subsection and not to the increased
16 allotment under this subsection (except that any farm in com-
17 pliance with its increased allotment under this subsection shall
18 be considered in compliance with its farm acreage allot-
19 ment for the purposes of said section 326 (b) . Any farm
20 receiving an increased allotment under this subsection shall
21 be excused from complying with clauses (2) and (3) of sec-
22 tion 107 (b) of the Agricultural Act of 1949 to the extent
23 deemed appropriate by the Secretary to provide for the in-
24 crease in allotment under this subsection, and no farm on
25 which acreage is designated pursuant to section 107 (b) (3)

1 or 107 (d) of the Agricultural Act of 1949 in a greater
2 amount than required as a condition of price support for
3 any crop shall be eligible for an increased allotment under
4 this subsection for such crop.'

5 " (c) Subsection (f) of section 335 is amended by strik-
6 ing out the semicolon at the end of item (1) and adding 'and
7 shall not apply to other farms with respect to the 1961 and
8 subsequent crops;'. .

9 " (d) Section 336 is amended to read as follows:

10 " 'SEC. 336. Between the date of issuance of any procla-
11 mation of any national marketing quota for wheat and July
12 25 of the year in which the proclamation is made the Sec-
13 retary shall conduct a referendum by secret ballot to deter-
14 mine whether farmers favor or oppose such quota. Farmers
15 eligible to vote in such referendum shall be farmers who were
16 engaged in the production of the crop of wheat normally
17 harvested in the calendar year immediately preceding the
18 calendar year in which the referendum is held on a farm in
19 the commercial wheat-producing area for such crop and
20 on which more than twelve acres was planted to wheat of
21 such crop if such crop was the 1961, 1962, or 1963 crop,
22 or on which more than fifteen acres was planted to wheat
23 of such crop if such crop was any crop other than the 1961,
24 1962, or 1963 crop. Any acreage considered as being
25 devoted to wheat in establishing future allotments under

1 applicable provisions of law shall be considered as wheat-
 2 producing acreage for the purpose of determining eligibility
 3 to vote. If the Secretary determines that more than one-
 4 third of the farmers voting in the referendum oppose such
 5 quota he shall prior to the effective date of such quota by
 6 proclamation suspend the operation of the national marketing
 7 quotas with respect to wheat.'

8 " (e) Section 362 is amended by deleting the second sen-
 9 tence thereof.

10 " (f) Subsections (b) and (c) of section 335 are hereby
 11 repealed and subsection (d) of said section is repealed effec-
 12 tive beginning with the 1961 crop of wheat.

13 " (g) The first proviso of section 377 is amended by
 14 striking out '*Provided, That beginning with the 1960 crop*'
 15 and inserting in lieu thereof '*Provided, That beginning with*
 16 *the 1964 crop in the case of wheat and the 1960 crop in the*
 17 *case of any other commodity*'.

18 "SEC. 204. Section 101 (d) of the Agricultural Act of
 19 1949, as amended, is amended by—

20 " (A) striking out paragraph (5) ; and

21 " (B) amending paragraph (7) to read as follows:

22 " ' (7) No price support shall be made available for any
 23 crop of wheat for which acreage allotments are not in effect
 24 and no price support shall be made available for any crop
 25 of wheat in any State designated under section 335 (e) of

1 the Agricultural Adjustment Act of 1938, as amended, as
2 outside the commercial wheat-producing area for such
3 crop.' ”.

AMENDMENTS

Intended to be proposed by Mr. Case of South Dakota to the bill (H.R. 12849) to protect farm and ranch operators making certain land use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments.

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tions. Under present law, a person may hold 46,080 acres under lease and 200,000 acres under option in any one State, for a total holding of 246,080 acres. The conference report does not alter this overall limitation. It provides, however, that this acreage may be held either by lease or by option, except that not more than 200,000 acres may be held by option.

Second. An increase in minimum rental from 25 cents an acre to 50 cents has been authorized. In addition, the present waiver of the second-year and third-year rentals had been deleted. This was done upon the emphatic recommendation of the Department of the Interior, which was accepted by the House, and was concurred in by the Senate Committee on Interior and Insular Affairs, upon the strong representations of several Senators. The increase in rentals was authorized to compensate for the decrease in the value of the dollar which has taken place since the last time the rental was set, and to bring the rental of public lands more in line with the rentals obtained by owners of fee lands under similar circumstances.

Third. Provision for a new type lease was added by the Senate. It is a tar sands lease. Under the bill as agreed upon by the conference, persons will be able to secure leases on not to exceed 7,680 acres in any one State, to exploit the hydrocarbons now locked in tar sands and recoverable only by mining methods.

There are other substantive changes, but not of a major order. In addition, there are numerous clarifying, modifying, and perfecting changes which operations under the present law have suggested. The changes substantive, clarifying and perfecting, are all designed to secure a more closely drawn law, to the end that exploration and production of oil and gas may proceed on the public lands in an orderly and effective manner.

Mr. President, I move that the report be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. ANDERSON. Mr. President, I desire to pay tribute to the able senior Senator from Wyoming [Mr. O'MAHONEY], who was the author of a Leasing Act 25 years ago, and who again has his name on another Leasing Act today.

I desire to pay tribute to the distinguished Senator from Wyoming for the outstanding work he has done in the committee over a long period of time, and particularly for the great contribution he has made to the preparation of this report.

PROTECTION OF FARM AND RANCH OPERATORS AGAINST LOSS OF CROPLAND ACREAGE AND ACREAGE ALLOTMENTS

Mr. ELLENDER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 12849.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 12849) to protect farm and ranch operators making certain land-use changes under the Great Plains conservation program and the soil bank program against loss of cropland acreage and acreage allotments.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

Mr. CASE of South Dakota. Mr. President, what is the request?

Mr. ELLENDER. The request is to consider H.R. 12849, which is similar to a Senate bill which was passed a few weeks ago. It seems that the House overlooked the Senate bill when it passed the House bill. So it is my desire to have the House bill considered at this time.

Mr. CASE of South Dakota. Mr. President, reserving the right to object, the bill comes, I assume, from the House Committee on Agriculture.

Mr. ELLENDER. That is correct.

Mr. CASE of South Dakota. Does the Senator from Louisiana know of any other bill coming from the House Committee on Agriculture which will be presented to the Senate during this session?

Mr. ELLENDER. Yes; one came to my attention this morning. I do not know of any other bill except that one and the one which we considered yesterday at the regular meeting of the committee and reported to the Senate.

Mr. CASE of South Dakota. What is the other bill which has come to the Senator's attention and which may come over from the House?

Mr. ELLENDER. The Senator from California [Mr. ENGLE] presented the bill just a moment ago. It affects nuts and other products of California.

Mr. CASE of South Dakota. Mr. President, the Senator from South Dakota is always reluctant to object to any request which comes from the distinguished Senator from Louisiana, who is chairman of the Committee on Agriculture and Forestry. However, we confront this situation: Up to this good hour, the committee of conference has not adopted a comprehensive farm bill. It has not passed proposed legislation dealing with the wheat problem.

The Senate passed a bill which went to the House, and the House failed to pass it by a very few votes.

It has occurred to me that if action is to be obtained at this session on farm legislation, it is almost necessary that it be attached by way of amendment to some bill which will come from the House, through the House Committee on Agriculture.

If this is to be the only opportunity in which we can consider and deliberate upon farm legislation, it seems to me we ought not to miss the opportunity.

I had prepared an amendment to be offered in connection with some other legislation which I had hoped would come from the House Committee on Agriculture and Forestry, a bill dealing with the wheat problem. It proposed that with respect to the wheat support loans the support price be fixed at 77 percent of parity; that the reduction in acreage be established at 22 percent; and

that the payment in kind be for 55 percent of the idle acres under the 22-percent reduction.

Up to this time, we have not had an opportunity to consider that proposal. I am reluctant to lose an opportunity to offer it in the consideration of any proposed legislation which may come over from the House Committee on Agriculture. Therefore, I am constrained to object to the consideration of the bill at this time.

Mr. KUCHEL. Mr. President, will the Senator withhold his objection?

Mr. ELLENDER. Mr. President, the Committee on Agriculture and Forestry has been very diligent in an effort to develop a wheat bill which would be of benefit to farmers and at the same time reduce the cost of the program.

Because of the seriousness of the situation surrounding wheat, the committee decided to give priority to consideration of wheat legislation at the beginning of the 86th Congress.

As soon as the President's farm message was received in 1959, the Secretary of Agriculture was invited to appear before the committee and elaborate on the wheat problem. Meetings for this purpose occurred on February 16 and 17, 1959. After giving his views, he was requested by the committee to submit his proposal in bill form. Alternative proposals were received by the committee counsel on March 12, 1959. Arrangements were immediately made for hearings which were held during the period March 20 through 25, 1959. All major farm organizations and others interested in wheat were heard. Department of Agriculture officials also testified. All appearing before the committee agreed that some action was necessary, but presented different and in some cases divergent views as to what should be done to reduce the pressure of mounting wheat surpluses; and it was evident that no generally acceptable major changes in the program were possible.

Following these hearings the committee met in executive session and decided to hold further hearings on a committee print which had been developed as a stopgap measure to correct generally recognized deficiencies in the current program. These hearings were held on April 22, 1959. Again farm organizations, as well as the Department of Agriculture, presented divergent views to the committee. Following this, the committee held numerous executive sessions in an effort to develop a wheat bill which would prevent further accumulation of surpluses and be less costly to the Government, but, at the same time, provide farmers with necessary price protection.

On May 18, 1959, the Senate committee reported S. 1968, which provided a choice of price supports at 80 percent of parity coupled with a 20 percent reduction in acreage or price supports at 65 percent of parity with no reduction in allotments.

This bill was passed by the Senate with amendments. Subsequently the House amended S. 1988 to provide for price supports at 90 percent of parity with a reduction in acreage allotments of 25 per-

cent and a one-third payment-in-kind on the reduced acreage.

A conference committee agreed on a 2-year bill with price supports at 80 percent of parity coupled with an acreage reduction of 20 percent and a one-third payment-in-kind.

The Senate agreed but the House rejected the conference report by a vote of 214 to 202. The Senate thereafter accepted the House amendment—90 percent, 25 percent—but this was vetoed by the President.

On January 7, 1960, I introduced S. 2759 in the Senate.

Hearings were held on February 23, at which time the National Association of Wheat Growers and the National Farmers Union, with the tentative concurrence of the National Grange, proposed a program which was not yet in bill form, while the American Farm Bureau Federation indicated support for a different approach.

After a temporary suspension to provide time for the National Association of Wheat Growers to put their proposal in bill form and for the National Grange to determine its position, hearings were resumed on April 20 and 21 at which time the proposals of the various farm organizations, as well as a new proposal by the Department of Agriculture, were fully explored.

Executive meetings were held by the Committee on Agriculture and Forestry on April 26 and 27, during which time S. 2759 was amended and reported on May 2, 1960.

The bill was passed by the Senate. The House acted on June 21, 22, and 23, rejecting two attempts to substitute the Senate bill, and ended by finally defeating its own bill.

The pending measure is a very simple one. It affects the Great Plains and conservation reserve program.

My good friend, the Senator from North Dakota [Mr. Young], introduced the bill several months ago. It was voted on affirmatively by the Senate. The House passed a bill similar to the one the Senate passed.

All I desire is to have the House bill considered, for the simple reason that when the House considered the proposal, instead of substituting the Senate bill for the House bill, the House simply passed its own bill.

I am asking that the House bill which is similar to the one we passed a few weeks ago be acted on today—

Mr. CASE of South Dakota. But it comes to us now, under the request of the Senator from Louisiana, with a House bill number.

Mr. ELLENDER. That is correct.

Mr. CASE of South Dakota. Then, if we amend the bill, obviously it will go back to the House, either for its concurrence or for a conference. Obviously that is the only way we can obtain the enactment of agricultural legislation at this session.

I am not attempting to have action taken now only for agriculture; I am also attempting to have action taken now for both political parties, inasmuch as both political parties at their recent conventions spoke in detail and at length on

the need for the enactment of agricultural legislation.

I understand that the distinguished Senator from Massachusetts [Mr. KENNEDY] went to Des Moines, Iowa, to attend a conference there, and at the conference pledged active support of agricultural legislation. In fact, as I recall, following the recent convention in Los Angeles, the Democratic nominee for President announced he was taking the lead in presenting agricultural legislation before the Senate.

I am merely taking this opportunity to try to help him carry out his pledge and his promise. If the Senator from Massachusetts were here now, this would be his opportunity to attach to the bill coming to us from the House of Representatives the agricultural program he favors for the country, and this would be his opportunity to have it considered here.

Mr. ELLENDER. Mr. President, my request is made at the suggestion of another Member of the Senate; the Senator from North Dakota [Mr. Young] has made this suggestion. If the Senator from South Dakota wishes to object, that is his privilege. Obviously, in view of my previous comments anything we might try to do in the case of wheat would be futile.

Mr. JOHNSON of Texas. Mr. President, I hope the Senator from Louisiana will withdraw his request?

Mr. ELLENDER. Very well, Mr. President; I withdraw my request.

Mr. CASE of South Dakota subsequently said. Mr. President, I ask unanimous consent that the amendment I proposed to offer to House bill 12849, if it had been called up this afternoon, may be printed at this point in the RECORD. I have already sent the amendment to the desk, to be printed, for the information of Members of the Senate; but I also wish to have the amendment printed at this point in the RECORD.

There being no objection, the amendment submitted by Mr. CASE of South Dakota was ordered to be printed in the RECORD, as follows:

On page 1 after line 2 insert "Title I, Great Plains, Conservation Program", and renumber sections 1 and 2 as "101" and "102", accordingly.

Following title I add a new title reading as follows:

"TITLE II—PRICE SUPPORT AND ALLOTMENTS

"SEC. 201. Title I of the Agricultural Act of 1949, as amended, is amended by adding the following new sections:

"SEC. 107. (a) Notwithstanding the provisions of section 101 of this Act, for each of the 1961, 1962, and 1963 crops of wheat price support shall be made available as provided in this section. The support price for each such crop shall be 77 per centum of the parity price therefor. Price support under the foregoing provision of this section shall be made available only to cooperators, only in the commercial wheat-producing area, and only if producers have not disapproved marketing quotas for the crop. In case marketing quotas are disapproved, price support to cooperators shall be as provided in section 101(d) (3).

"(b) If marketing quotas are in effect for the particular crop of wheat, wheat of any such crop, and any other commodity produced on a farm to which a wheat marketing quota is applicable and in the calen-

dar year in which wheat of any such crop is normally harvested, shall be eligible for price support only if—

"(1) the farm is in compliance with the farm wheat acreage allotment for such crop;

"(2) the total acreage on the farm devoted to the production of nonconserving crops as determined by the Secretary which would normally be harvested in the calendar year in which such wheat crop is normally harvested does not exceed the total average annual acreage on the farm devoted to the production of such nonconserving crops for harvest in 1958 and 1959, less an acreage equal to 22 per centum of the farm acreage allotment for such crop of wheat which would be in effect for the farm except for the reduction thereof as provided in section 334(c) (2) of the Agricultural Adjustment Act of 1938, as amended; and

"(3) the producers on the farm in accordance with regulations prescribed by the Secretary—

"(1) designate an acreage on the farm equal to the 22 per centum reduction in the farm acreage allotment required under section 334(c) (2) of the Agricultural Adjustment Act of 1938, as amended, for the particular crop of wheat, and

"(2) do not produce any crop thereon which is normally harvested in the calendar year in which the particular crop of wheat is normally harvested and do not graze such acreage during such year.

A farm shall be deemed in compliance with the requirements of clauses (1) and (2) if no crop not subject to acreage allotments is produced on the farm for harvest, and the farm is in compliance with the farm acreage allotments. In accordance with regulations prescribed by the Secretary, the acreage of such nonconserving crops for harvest in 1958 and 1959 may be adjusted to the extent the Secretary determines appropriate for abnormal weather conditions, established crop rotation practices for the farm, changes in the constitution of the farm, participation in soil bank or Great Plains programs, or to give effect to the provisions of law relating to release and reapportionment or preservation of history, and such other factors as the Secretary may deem appropriate. For the purposes of eligibility for price support a producer shall not be deemed to have violated any of the foregoing conditions unless the producer knowingly violated such condition, but the Secretary may provide by regulation for adjusting any payment in kind under subsection (c) or (d) on account of any violation of any such condition or any other condition of eligibility for such payment. For the purposes of this section a wheat marketing quota shall not be deemed to be applicable to any farm exempt from wheat marketing quotas under item (7) of Public Law 74, Seventh-seventh Congress, as amended (7 U.S.C. 1340(7)) or exempt from wheat marketing penalties under section 335(f) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1335(f)).

"(c) Producers of wheat meeting the foregoing conditions of eligibility for price support for any calendar year shall be entitled for such year to a wheat payment in kind from Commodity Credit Corporation stocks equal in value to 55 per centum of the average annual yield in bushels of wheat per harvested acre on the farm for the three years immediately preceding the year for which the designation is made, adjusted for abnormal weather conditions and as determined under regulations prescribed by the Secretary multiplied by the number of designated acres. Such wheat may be marketed without penalty but shall not be eligible for price support. The payment in kind shall be made by the issuance of a negotiable certificate which Commodity Credit Corporation shall redeem in wheat equal in value to the value of the certificate. The

certificate shall have a value equal to the number of bushels determined as aforesaid multiplied by the basic county support rate per bushel for number one wheat of the crop normally harvested in the year for which the acreage is designated and for the county in which the designated acreage is located. The wheat redeemable for such certificate shall be valued at the market price thereof as determined by Commodity Credit Corporation. The Secretary shall provide by regulation for the sharing of a certificate among producers on the farm on a fair and equitable basis. The acreage designated under this section shall be in addition to any acreage devoted to the conservation reserve program.

"(d) If marketing quotas are in effect for the 1961 crop of wheat and the producers on the farm agree to meet the requirements of subsection (b) for 1961, 1962, and 1963, and, in accordance with regulations prescribed by the Secretary—

"(1) designate an acreage on the farm equal to not less than 22 per centum nor more than 100 per centum of the acreage allotment which would be in effect for the farm for the 1961 crop of wheat except for the reduction thereof as provided in section 334(c)(2) of the Agricultural Adjustment Act of 1938, as amended, and do not produce any crop thereon which is normally harvested in the calendar years 1961, 1962, and 1963 and do not graze such acreage during such years, but devote such acreage to soil and water conserving uses;

"(2) reduce by the number of acres so designated the acreage of wheat on the farm in each such year below the acreage allotment which would be in effect for the farm for such year except for the reduction thereof as provided in section 334(c)(2) of the Agricultural Adjustment Act of 1938, as amended; and

"(3) reduce by the number of acres so designated the acreage of nonconserving crops on the farm in each such calendar year below the average annual acreage on the farm devoted to the production of such nonconserving crops for harvest for 1958 and 1959 adjusted as provided in subsection (b),

such producers shall be entitled to a wheat payment in kind, in lieu of the payment provided by subsection (c), for each such year from Commodity Credit Corporation stocks equal in value to 55 per centum of the average annual yield in bushels of wheat per harvested acre on the farm for the three years 1958 through 1960, adjusted for abnormal weather conditions and as determined under regulations prescribed by the Secretary, multiplied by the number of designated acres. Such wheat may be marketed without penalty but shall not be eligible for price support. The payment in kind shall be made by the issuance of a negotiable certificate which Commodity Credit Corporation shall redeem in wheat equal in value to the value of the certificate. The certificate shall have a value equal to the number of bushels determined as aforesaid multiplied by the basic county support rate per bushel for number one wheat of the crop normally harvested in the year for which the payment is made and for the county in which the designated acreage is located. The wheat redeemable for such certificate shall be valued at the market price thereof as determined by Commodity Credit Corporation. The Secretary shall provide by regulation for the sharing of a certificate among producers on the farm on a fair and equitable basis. The share of any producer in certificates issued under this subsection with respect to any year and with respect to all farms in which he has an interest, based on the face value of the certificates, shall not exceed the greater of (1) \$10,000, or (2) such producer's share of payments made under this subsection for acreage required to be designated either in 1961 or in such year as a condition of price support. If such pro-

ducers fail to comply with the requirements of this subsection for all or any part of the three year period, such producers shall forfeit or refund in cash all or such part of the payments provided for by this subsection as the Secretary determines to be fair and equitable and prescribes by regulation. The acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of wheat by reason of designation under this subsection shall be considered acreage devoted to wheat for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended. In applying the provisions of paragraph (6) of Public Law 74, Seventy-seventh Congress (7 U.S.C. 1340(6)), and section 326(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1326(b)), relating to reduction of the storage amount of wheat that part of the acreage designated under this subsection in excess of the 22 per centum reduction required under section 334(c)(2) of the Agricultural Adjustment Act of 1938 on any farm shall be regarded as wheat acreage on the farm of normal production as that term is defined in section 301(b)(9) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301(b)(9)).

"Sec. 108. Notwithstanding the provisions of section 101 or 107 of this Act or any provision of the Agricultural Adjustment Act of 1938, if marketing quotas are disapproved for the 1961 crop of wheat, the level of price support to cooperators and noncooperators for the 1961 crop and each subsequent crop of wheat shall be 50 per centum of the parity price of wheat and no national marketing quota or acreage allotment shall be proclaimed with respect to any subsequent crop of wheat: *Provided*, That if price support at 50 per centum of the parity price is in effect under this section, the current price support for wheat, for the purposes of section 407 of the Agricultural Act of 1949, as amended, shall be determined on the basis of a price support level for wheat of 77 per centum of the parity price therefor."

"Sec. 202. (a) Item (1) of Public Law 74, Seventy-seventh Congress, as amended, is amended, effective beginning with the 1961 crop of wheat, to read as follows:

"(1) If a national marketing quota for wheat is in effect for any marketing year, farm marketing quotas shall be in effect for the crop of wheat which is normally harvested in the calendar year in which such marketing year begins. The farm marketing quota for any crop of wheat shall be the actual production of the acreage planted to such crop of wheat on the farm less the farm marketing excess. The farm marketing excess shall be an amount equal to double the normal yield of wheat per acre established for the farm multiplied by the number of acres planted to such crop of wheat on the farm in excess of the farm acreage allotment for such crop unless the producer, in accordance with regulations prescribed by the Secretary and within the time prescribed therein, establishes to the satisfaction of the Secretary the actual production of such crop of wheat on the farm. If such actual production is so established the farm marketing excess shall be such actual production less the actual production of the farm wheat acreage allotment. Actual production of the farm wheat acreage allotment shall mean the actual average yield per harvested acre of wheat on the farm multiplied by the number of acres constituting the farm acreage allotment. In determining the actual average yield per harvested acre of wheat and the actual production of wheat on the farm any acreage utilized for feed without threshing, after the wheat is headed, or available for such utilization at the time the actual production is determined, shall be considered harvested acreage and the production thereof in terms of grain shall be appraised in ac-

cordance with regulations prescribed by the Secretary and such production included in the actual production of wheat on the farm. The acreage planted to wheat on a farm shall include all acreage planted to wheat for any purpose and self-seeded (volunteer) wheat, but shall not include any acreage that is disposed of prior to harvest in accordance with regulations prescribed by the Secretary."

"(b) Item (2) of Public Law 74, Seventy-seventh Congress, as amended, is amended, effective beginning with the 1961 crop of wheat, to read as follows:

"(2) During any marketing year for which quotas are in effect, the producer shall be subject to a penalty on the farm marketing excess of wheat. The rate of the penalty shall be 65 per centum of the parity price per bushel of wheat as of May 1 of the calendar year in which the crop is harvested."

"(c) Item (3) of Public Law 74, Seventy-seventh Congress, as amended, is amended, effective beginning with the 1961 crop of wheat, to read as follows:

"(3) The farm marketing excess for wheat shall be regarded as available for marketing, and the penalty and the storage amount or amounts of wheat to be delivered to the Secretary shall be computed upon double the normal production of the excess acreage. If the farm marketing excess so computed is adjusted downward on the basis of actual production, the difference between the amount of the penalty or storage computed on the basis of double the normal production and as computed on actual production shall be returned to or allowed the producer or a corresponding adjustment made in the amount to be delivered to the Secretary if the producer elects to make such delivery. The Secretary shall issue regulations under which the farm marketing excess of wheat for the farm shall be stored or delivered to him. Upon failure to store, or deliver to the Secretary, the farm marketing excess within such time as may be determined under regulations prescribed by the Secretary the penalty computed as aforesaid shall be paid by the producer. Any wheat delivered to the Secretary hereunder shall become the property of the United States and shall be disposed of by the Secretary for relief purposes in the United States or foreign countries or in such other manner as he shall determine will divert it from the normal channels of trade and commerce."

"(d) Item (7) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340(7)), is amended to read as follows:

"(7) A farm marketing quota on any crop of wheat shall not be applicable to any farm on which the acreage planted to wheat for such crop does not exceed fifteen acres: *Provided, however*, That a farm marketing quota on the 1961 and subsequent crops of wheat shall be applicable to—

"(i) any farm on which the acreage of wheat exceeds the smaller of (1) twelve acres or (2) the highest number of acres planted to wheat on the farm for harvest in the calendar years 1956, 1957, 1958, 1959, or 1960; and

"(ii) any farm on which any wheat is planted if any of the producers who share in the wheat produced on such farm share in the wheat produced on any other farm."

"(e) Item (12) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340(12)), is repealed, effective beginning with the 1961 crop of wheat.

"(f) Section 326(b) of the Agricultural Adjustment Act of 1938, as amended, is amended, effective beginning with the 1961 crop of wheat, to read as follows:

"(b) If a farm is in compliance with its farm acreage allotment for any crop of wheat and the actual production of such crop of wheat on the farm is less than the normal production of the farm wheat acre-

age allotment, an amount equal to the deficiency may be marketed without penalty from wheat of previous crops stored by the producers on the farm to postpone the payment of marketing quota penalties.'

"SEC. 203. The Agricultural Adjustment Act of 1938, as amended, is amended as follows:

"(a) Section 334 is amended by inserting '(1)' after '(c)' and adding a new subparagraph (2) following subparagraph (c)(1) to read as follows:

"(2) Notwithstanding any other provision of law, each old or new farm acreage allotment for the 1961 and subsequent crops of wheat as determined on the basis of a minimum national acreage allotment of fifty-five million acres shall be reduced by 22 per centum. In the event notices of farm acreage allotments for the 1961 crop of wheat have been mailed to farm operators prior to the effective date of this subparagraph (2) new notices showing the required reduction shall be mailed to farm operators as soon as practicable.'

"(b) Section 334(e) is amended to read as follows:

"(c) If, with respect to any crop of wheat, the Secretary determines that the production of any kind of wheat will be inadequate to provide a sufficient quantity of that kind of wheat to satisfy the demand therefor, the wheat acreage allotment (and the number of acres which may be planted under item (7)(i) of Public Law 74, Seventy-seventh Congress, without making a farm marketing quota applicable to the farm) for such crop for each farm located in a county which has produced such wheat for commercial food products during one or more of the five years immediately preceding the year in which such crop is harvested, shall be increased by such uniform percentage as he deems necessary to provide for such quantity. No increase shall be made under this subsection in the wheat acreage allotment of any farm (or in the acreage which may be planted without making a farm marketing quota applicable to the farm) for any crop if any kind of wheat other than that for which the increase is made is planted on such farm for such crop. Any increases in wheat acreage allotments authorized by this subsection shall be in addition to the National, State, and county wheat acreage allotments, and such increases shall not be considered in establishing future State, county, and farm allotments. The provisions of paragraph (6) of Public Law 74, Seventy-seventh Congress (7 U.S.C. 1340(6)), and section 326(b) of this Act, relating to the reduction of the storage amount of wheat shall apply to the allotment for the farm established without regard to this subsection and not to the increased allotment under this subsection, except that any farm in compliance with its increased allotment under this subsection shall be considered in compliance with its farm acreage allotment for the purposes of said section 326(b). Any farm receiving an increased allotment under this subsection shall be excused from complying with clauses (2) and (3) of section 107(b) of the Agricultural Act of 1949 to the extent deemed appropriate by the Secretary to provide for the increase in allotment under this subsection, and no farm on which acreage is designated pursuant to section 107(b)(3) or 107(d) of the Agricultural Act of 1949 in a greater amount than required as a condition of price support for any crop shall be eligible for an increased allotment under this subsection for such crop.'

"(c) Subsection (f) of section 335 is amended by striking out the semicolon at the end of item (1) and adding 'and shall not apply to other farms with respect to the 1961 and subsequent crops;'

"(d) Section 336 is amended to read as follows:

"SEC. 336. Between the date of issuance of any proclamation of any national marketing quota for wheat and July 25 of the year in which the proclamation is made the Secretary shall conduct a referendum by secret ballot to determine whether farmers favor or oppose such quota. Farmers eligible to vote in such referendum shall be farmers who were engaged in the production of the crop of wheat normally harvested in the calendar year immediately preceding the calendar year in which the referendum is held on a farm in the commercial wheat-producing area for such crop and on which more than twelve acres was planted to wheat of such crop if such crop was the 1961, 1962, or 1963 crop, or on which more than fifteen acres was planted to wheat of such crop if such crop was any crop other than the 1961, 1962, or 1963 crop. Any acreage considered as being devoted to wheat in establishing future allotments under applicable provisions of law shall be considered as wheat-producing acreage for the purpose of determining eligibility to vote. If the Secretary determines that more than one-third of the farmers voting in the referendum oppose such quota he shall prior to the effective date of such quota by proclamation suspend the operation of the national marketing quotas with respect to wheat.'

"(e) Section 362 is amended by deleting the second sentence thereof.

"(f) Subsections (b) and (c) of section 335 are hereby repealed and subsection (d) of said section is repealed effective beginning with the 1961 crop of wheat.

"(g) The first proviso of section 377 is amended by striking out 'Provided, That beginning with the 1960 crop' and inserting in lieu thereof 'Provided, That beginning with the 1964 crop in the case of wheat and the 1960 crop in the case of any other commodity'.

"SEC. 204. Section 101(d) of the Agricultural Act of 1949, as amended, is amended by—

"(A) striking out paragraph (5); and

"(B) amending paragraph (7) to read as follows:

"(7) No price support shall be made available for any crop of wheat for which acreage allotments are not in effect and no price support shall be made available for any crop of wheat in any State designated under section 335(e) of the Agricultural Adjustment Act of 1938, as amended, as outside the commercial wheat-producing area for such crop.'

JOHN A. SKENANDORE

Mr. JOHNSON of Texas. Mr. President, I ask that the Chair lay before the Senate the amendments of the House of Representatives to Senate bill 285, for the relief of John A. Skenandore.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 285) for the relief of John A. Skenandore, which were, on page 1, line 5, after "to" insert "the estate of"; on page 1, line 6, strike out "his" and insert "the"; on page 1, line 6, after "claim" insert "of the decedent"; on page 1, line 7, strike out "he" and insert "the decedent", and to amend the title so as to read: "An Act for the relief of the estate of John A. Skenandore."

Mr. JOHNSON of Texas. Mr. President, while the House amendment is in the nature of a substitute, it merely changes S. 285 to provide that relief be granted to the estate of John A. Skenandore. During the time that the bill for the relief of Mr. Skenandore was pend-

ing, Mr. Skenandore died, and the House amended the bill to provide for the payment of the amounts to his estate.

Mr. President, I move that the Senate concur in the House amendments.

The motion was agreed to.

ARTHUR E. COLLINS—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4826) for the relief of Arthur E. Collins. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read, for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4826) entitled "An act for the relief of Arthur E. Collins," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered II.

That the House recede from its disagreement to the amendment of the Senate numbered I, and agree to the same.

JAMES O. EASTLAND,
PHILIP A. HART,
ROMAN L. HRUSKA,

Managers on the Part of the Senate.

THOMAS J. LANE,
HAROLD D. DONOHUE,
JOHN E. HENDERSON,

Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. JOHNSON of Texas. The Senate amended the House-passed bill (1) by inserting a change in the address of the claimant, and (2) by striking the 10-per cent attorneys fee proviso. The House disagreed to the amendments, and requested a conference.

In the conference report now before the Senate, the conferees of the House agree to the first amendment of the Senate, and the Senate recedes from its second amendment. The conferees on the part of the Senate recommend that the conference report on H.R. 4826 be agreed to.

Mr. President, I move that the Senate agree to the conference report.

The motion was agreed to.

EXTENSION OF "ANTI-KICKBACK STATUTE" TO ALL NEGOTIATED CONTRACTS

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Arkansas [Mr. McCLELLAN]; and I appreciate very much his cooperation and courtesy in waiting until now to present the matter which he will submit.

Mr. McCLELLAN. Mr. President, I ask that the Presiding Officer lay before the Senate the amendment of the House of Representatives to Senate bill 3487.

Aug. 30, 1960

Authorizes the President to reduce the quantity of non quota sugar purchased from any country against which collective economic sanctions are agreed to by the United States and other countries, pursuant to treaty, provided that a majority (as defined in the treaty) of such countries implement such sanctions, and with respect to 1960, do so before October 15, 1960. Also provides that if sugar purchases are required from any countries not having quotas, preference shall be given to those countries agreeing to purchase United States agricultural commodities.

9. PRICE SUPPORTS; MILK. The Rules Committee reported a resolution for consideration of S. 2917, to increase the price-support level for manufacturing milk and butterfat for the remainder of the current marketing year, from the date of enactment of the bill until Mar. 31, 1961, to not less than \$3.22 per hundred-weight for manufacturing milk and not less than 59.6 cents per pound for butterfat. p. 17185
10. FORESTRY. Passed without amendment S. J. Res. 209, providing for the establishment of an annual National Forest Products Week. This bill will now be sent to the President. pp. 17101-2
 Passed as reported H. R. 11917, to authorize the Secretary of Agriculture to convey a tract of forest land in Lassen County, Calif., to the city of Susanville. p. 17111
 Passed without amendment H. R. 12491, to authorize the Secretary of Agriculture to convey a tract of forest land to the county of Fremont, Wyo. p. 17112
 Passed without amendment S. 2959, to clarify the right of States to select certain public lands subject to any outstanding mineral lease or permit (pp. 17115-6). This bill will now be sent to the President. A similar bill, H. R. 10102 was tabled.
11. SURPLUS COMMODITIES. Passed without amendment S. 3146, to authorize CCC to donate dairy products and other agricultural commodities for use in home economics courses. This bill will now be sent to the President. p. 17112
12. ACREAGE ALLOTMENTS. Passed with amendment S. 3533, to protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments. Agreed to an amendment by Rep. Poage to substitute the language of H. R. 12849. p. 17134
13. CONSERVATION. Passed without amendment S. 2761, to validate payments made for emergency conservation measures under the program authorized by the Third Supplemental Appropriation Act, 1957, which were carried out prior to enactment of the Act. The bill had been reported without amendment earlier in the day by the Agriculture Committee (H. Rept. 2204). This bill will now be sent to the President. pp. 17134, 17185
14. ELECTRIFICATION. Rep. Nelsen defended the administration against charges that it has not supported the REA program sufficiently, and Rep. McCormack and several others discussed this matter with him. pp. 17143-5
15. MILK MARKETING. Rep. Stratton defended Federal Milk Marketing Order No. 27 against criticisms which have recently been directed toward it. pp. 17165-7
 Rep. Pirnie spoke against a proposal for a congressional investigation of the Order, in view of the fact that the Department has appealed a recent decision of a district court. He inserted the court decision in the Record. pp. 17174-7.

16. FARM PROGRAM. Rep. Randall discussed the farm problem and recommended production control through payment-in-kind and allotments. pp. 17167-8
17. TAXATION. Received the conference report on H. R. 10960, to amend the Internal Revenue Code with respect to the excise tax on cigars. The conferees agreed to the Senate amendment permitting farmers to write off as an annual expense of operation the purchase of lime and fertilizer, with technical amendments. (H. Rept. 2214). pp. 17177-9
18. IMPORTS. Received the conference report on H. R. 12659, to suspend for a temporary period the import duty on heptanoic acid. The conferees agreed to the Senate amendment clarifying the law regarding free importation of certain water-proof fabrics. (H. Rept. 2212). pp. 17180-1
19. RECLAMATION. The Interior and Insular Affairs Committee reported with amendment S. 1092, to authorize the Cheney division, Wichita reclamation project (H. Rept. 2202), and S. 2195, to authorize the Dalles reclamation project (H. Rept. 2203). p. 17185
20. FOREIGN AID. The Rules Committee reported a resolution for consideration of H. R. 13021, to authorize assistance for development of Latin America and in reconstruction of Chile. p. 17185
21. FISH AND WILDLIFE. The conferees agreed to file a report on H. R. 2565, to promote fish and game conservation and rehabilitation in military reservations. p. D739
22. GRAIN STORAGE; PRICE SUPPORTS. The Government Operations Committee approved the following reports: "Commodity Credit Corporation Grain Storage Activities"; and "Price Support and Production Adjustment Activities" (p. D738). The Committee was granted permission to file these reports by midnight Wed., Aug. 31 (p. 17115).
23. INFORMATION. The Government Operations Committee approved a report, "Executive Branch Practices in Withholding Information From Congressional Committee." p. D738
24. WATERSHEDS. The Agriculture Committee approved work plans for watershed projects in Tex., Okla., Md., Va., N. Mex., Miss., Hawaii, Ga., and Colo. p. 17090
25. PASSED OVER the following bills:
 - H. R. 8074, to provide for the assignment of Agricultural Attaches to duty in the U. S. for 4 years without reduction in grade. p. 17170
 - H. R. 12419, to provide for advance consultation with the Fish and Wildlife Service and State wildlife agencies before beginning any Federal program involving the use of pesticides or other chemicals for mass biological controls. p. 17170
 - H. R. 6743, to provide for certain survivors' annuities in additional cases under the Civil Service Retirement Act. p. 17111
 - S. 2919, to provide for a study and investigation of the desirability and feasibility of establishing and maintaining a national tropical botanic garden. p. 17111

object and if he wants me to, I will explain briefly the two amendments.

Mr. AVERY. Mr. Speaker, I further reserve the right to object, in order that the gentleman from Arkansas, Mr. MILLS, may explain both these amendments. I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman is correct in his observation with respect to the first amendment. The gentleman from Kansas [Mr. AVERY] had introduced a bill, H.R. 12103, which was referred to the Committee on Ways and Means, on which the committee received favorable reports from the Department of Commerce, the Department of Labor, the Department of State, as well as an informative report from the Tariff Commission, having to do with the free importation of certain equipment desired by Kansas State University in connection with the construction of a mill, of a type not produced in the United States, to replace one that had been burned some years ago. That is the amendment the gentleman introduced.

There is a second amendment having to do with housing for a research and development installation of the Atomic Energy Commission, to accommodate some people who have been transferred to that facility from the Huntsville, Ala., facility. I have taken occasion to discuss this amendment with members of the Committee on Banking and Currency and those with whom I have discussed it all agreed to it, including the gentleman from California [Mr. McDONOUGH]; the gentleman from Kentucky [Mr. SPENCE]; and the gentleman from Alabama [Mr. RAINS].

Mr. AVERY. Mr. Speaker, in view of the explanation of the gentleman from Arkansas, I withdraw my reservation of objection.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. BAILEY. Does this proposed legislation involve the setting aside of import duties?

Mr. MILLS. Only with respect to certain articles that are being brought into the United States by Kansas State University in connection with the construction of a type of milling operation that they have, and which is not commercially produced domestically. It consists of the importation of articles, according to the report of the Senate Finance Committee, that are not competitive here in the United States.

Mr. BAILEY. Does the gentleman mean that the article is not produced in the United States?

Mr. MILLS. Not commercially produced; that is the information given us.

Mr. BAILEY. Over the past week I have patiently waited and have seen these standing committees clear all of their legislation that has accumulated throughout the year, including the gentleman's own committee, the Committee on Interstate and Foreign Commerce and the Committee on Agriculture. Yet most of the major legislation that I am interested in is resting quietly in the Committee on Rules. For some reason or other I have not been able to get con-

sideration of them, without someone wanting to object. I have no intention of objecting to this particular piece of legislation but I hope the gentleman does not have any more to offer that has to do with bringing articles in on the free list.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

(Mr. MILLS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MILLS. Mr. Speaker, as Members of the House will recall in the form in which H.R. 11573 passed the House of Representatives, its purpose was to permit the duty-free entry of an electron microscope for the use of William Marsh Rice University of Houston, Tex., and an electron microscope for the use of the University of Colorado Medical Center, Denver, Colo. It may be recalled that these universities had procured from abroad these highly specialized microscopes for use in connection with their highly technical research and educational activities.

The Senate added two amendments to the House bill, as follows:

First, a Senate Finance Committee amendment would authorize the Secretary of the Treasury to admit free of duty grain milling equipment and appurtenances imported for the use of Kansas State University in the building being constructed for the department of flour and feed milling industries at that university. As was the case with respect to the highly specialized electron microscopes covered under the House bill, it was felt that the burden of duty should not be added to the cost of the equipment in this instance. According to the report of the Senate Finance Committee, several foreign countries are supplying the various technical parts for the grain mill and a considerable portion is being donated free of charge thus making it possible for the university to embark on a research and educational program for the improvement of the milling industry.

I should point out that there was pending before the Committee on Ways and Means a bill on this subject by our colleague, the Honorable WILLIAM AVERY. The Committee on Ways and Means has received favorable reports on this House bill, H.R. 12103, from the Department of Commerce, the Department of Labor, and the Department of State, as well as an informative report from the U.S. Tariff Commission. It is pointed out in the report of the Department of Labor that the experimental flour mill at the Kansas State University was destroyed by fire several years ago and that the replacement contemplated by the university would be a mill of a type not produced commercially in the United States.

The second amendment added by the Senate was a floor amendment sponsored by Senator ADERSON, which amends section 809(g) of the National Housing Act. As explained by the sponsor, the amendment is designed to afford housing at the research and development installation of the Atomic Energy Commission

in Los Alamos County, N. Mex. It was stated that when the Huntsville, Ala. station was transferred to Los Alamos it was found that employees could not provide their own housing and that a survey and report indicated that additional housing should be provided in the same fashion that housing was provided in Huntsville, Ala.

Mr. Speaker, I recognize that it is unusual for an amendment to the National Housing Act to be added as an amendment to a tariff bill, since the tariff bill is of course within the jurisdiction of the Ways and Means Committee and the National Housing Act, of course, is within the jurisdiction of the Committee on Banking and Currency. I therefore took occasion to confer with the chairman and certain members of the Banking and Currency Committee of the House to insure that they would have no objection to handling this amendment in this manner.

Senator ANDERSON stated on the floor of the Senate that he had cleared the matter with the Senate Banking and Currency Committee before he offered the amendment.

(Mr. MASON (at the request of Mr. MILLS) was given permission to extend his remarks at this point in the RECORD.)

Mr. MASON. Mr. Speaker, I have concurred in the request of the chairman of the Committee on Ways and Means that the House accept the Senate amendments to H.R. 11573.

It will be recalled that this legislation as it passed the House provided for the importation of highly specialized electron microscope equipment by two U.S. universities.

The Senate in approving this legislation added two amendments. The first of these amendments provides for the duty-free importation of certain equipment by Kansas State University for a pilot-plant grain and flour milling installation. The second Senate amendment is to the National Housing Act and affects the development for housing for certain employees at Los Alamos.

Mr. Speaker, both of these amendments are meritorious and it is appropriate that they should have been approved by the House.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

JURISDICTION OF U.S. DISTRICT COURTS IN CERTAIN ACTIONS

Mr. FORRESTER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 12622) to amend chapter 85 of title 28 of the United States Code relating to the jurisdiction of the U.S. district courts, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chap-

ter 85 of title 28 of the United States Code is amended—

(a) By adding at the end thereof the following new section:

"§ 1361. ACTION TO COMPEL AN OFFICER OF THE UNITED STATES TO PERFORM HIS DUTY.

"The district courts shall have original jurisdiction of any action to compel an officer or employee of the United States or any agency thereof to perform his duty."

(b) By adding at the end of the table of sections for chapter 85 of title 28 of the United States Code the following:

"1361. Action to compel an officer of the United States to perform his duty."

SEC. 2. Section 1391 of title 28 of the United States Code is amended by adding at the end thereof the following new subsection:

"(e) A civil action in which each defendant is an officer or employee of the United States or any agency thereof acting in his official capacity or under color of legal authority, or an agency of the United States, may be brought in any judicial district where a plaintiff in the action resides, or in which the cause of the action arose, or in which any property involved in the action is situated.

"The summons and complaint in such an action shall be served as provided by the Federal Rules of Civil Procedure except that the delivery of the summons and complaint to the officer or agency as required by the rules may be made by certified mail beyond the territorial limits of the district in which the action is brought."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

House Resolution 584 was laid on the table.

PROTECT FARM AND RANCH OPERATORS MAKING CERTAIN LAND USE CHANGES

Mr. POAGE. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3533) to protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. POAGE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. POAGE: Strike out all after the enacting clause and insert the provisions of H.R. 12849, as follows: "That section 16 of the Soil Conservation and Domestic Allotment Act of 1938, as amended, is amended as follows:

"(1) Paragraph (3) of subsection (b) is amended to read as follows:

"(3) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subsection by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period

of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;".

"(2) Paragraph (4) of subsection (b) is amended to read as follows:

"(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under the program or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

"SEC. 2. Section 112 of the Soil Bank Act, as amended, is amended as follows:

"(1) Paragraph (1) is amended to read as follows:

"(1) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subtitle by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;".

"(2) Paragraph (2) is amended to read as follows:

"(2) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under this subtitle or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EMERGENCY CONSERVATION MEASURES

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2761) to validate payments made for certain emergency conservation measures under the program authorized by the Third Supplemental Appropriation Act, 1957.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

Mr. McINTIRE. Reserving the right to object, Mr. Speaker, may I say that this is a bill passed by the other body,

and reported out unanimously by the House Committee on Agriculture.

I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senator and House of Representatives of the United States of America in Congress assembled, That payments which have heretofore been made under the program authorized by the Third Supplemental Appropriation Act, 1957, under the item entitled "Emergency Conservation Measures, Agricultural Conservation Program Service", for emergency conservation measures carried out between January 1, 1956, and June 21, 1957, shall, if otherwise proper, not be considered invalid by reason of the fact that they were made for measures carried out prior to the enactment of said Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SUBCOMMITTEE NO. 3, HOUSE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. DAVIS of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the Record and include a progress report made by Subcommittee No. 3 of the House Committee on the District of Columbia on the bill (S. 1456) to provide for the appointment of two additional judges for the juvenile court of the District of Columbia, and also to include the letter of transmittal accompanying it.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

[The matter referred to appears in the Appendix.]

SPECIAL ORDER VACATED

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent to vacate the special order granted me for today that I requested on yesterday.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

UNEMPLOYMENT

(Mr. BAILEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BAILEY. Mr. Speaker, I have asked this time today in order to call the attention of my colleagues to misleading information contained in an Associated Press dispatch of yesterday commenting on a campaign booklet issued by the Republican National Committee boasting about our great national prosperity.

I want to refer to the "Operations Voracity" group of Republican Members of Congress the following article, under a Charleston, W. Va., dateline, in which the Federal Department of Employment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For Department
Staff Only)

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For actions of August 31, 1960
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HIGHLIGHTS: Both Houses agreed to conference report on supplemental appropriation bill. House passed bill to increase price supports on milk and butterfat. Both Houses passed bill authorizing foreign aid for Latin America.

* SENATE

1. FARM PROGRAM. Sen. Young, Ohio, criticized the administration's farm-program record and spoke in favor of a food-for-peace program. pp. 17217-8
Sen. Proxmire inserted and commended a speech by Norman Clapp on the farm problem. pp. 17247-8
Sen. Javits spoke in favor of flexible price supports, additional research, and use of surpluses in foreign aid. pp. 17307-8
Sen. Symington and others commended Sen. Kerr's book, "Land, Wood, and Water." pp. 17218-9
2. FARM LABOR. Sen. Javits submitted an amendment which he intended to propose to H. R. 12759, the Mexican farm labor bill. pp. 17200-1
3. FARM LOANS. Sen. Allott spoke in favor of codifying and simplifying Farmers' Home Administration legislation. p. 17206
Sen. Sparkman spoke in favor of a national mortgage market and inserted a speech by Dr. Kurt Flexner on this subject. pp. 17212-3

4. FOREST FIRES. Sen. Mansfield spoke on the forest-fire problem and said the Budget Bureau is willing "to spend millions to put the fires out...while it cuts budget requests to strengthen fire prevention." pp. 17207-8
 5. PERSONNEL. Passed without amendment H. R. 7810, to credit periods of internment during World War II to certain Federal employees of Japanese ancestry for purposes of the Civil Service Retirement Act and the Annual and Sick Leave Act. The bill had been reported without amendment earlier in the day by the Post Office and Civil Service Committee (S. Rept. 1936). This bill will now be sent to the President. pp. 17189, 17308
Sen. Byrd, Va., inserted the report of the Joint Committee on Reduction of Nonessential Federal Expenditures on personnel and pay for June and July 1960. pp. 17189-93
Passed without amendment H. R. 12458, to increase from \$225,000 to \$300,000 annually the authorization for appropriations to the President's Committee on Employment of the Physically Handicapped. This bill will now be sent to the President. pp. 17299-300
Passed without amendment H. R. 12383, to amend the Federal Employees Compensation Act so as to increase various benefits in view of the increase in the cost of living, etc. This bill will now be sent to the President. p. 17235
 6. APPROPRIATIONS. Sen. Johnson inserted a table showing the appropriations for the current session compared with the budget estimates. p. 17325
 7. LABOR STANDARDS. Sen. Kennedy and others discussed the conferees' deadlock on H. R. 12677, to increase the coverage of the Fair Labor Standards Act and increase the minimum wage. pp. 17269-83
 8. ACREAGE ALLOTMENTS. Agreed to the House amendment to S. 3533, to protect farm and ranch operators making certain land-use changes under the Great Plains conservation program or the conservation reserve program against loss of acreage allotments. The House amendment was to add the provision regarding the conservation reserve program. This bill will now be sent to the President. pp. 17298-9
 9. HEALTH RESEARCH. Passed without amendment H. R. 10341, to authorize grants to public or non-profit institutions to strengthen their programs of research and research training in sciences related to health. This bill will now be sent to the President. p. 17300
 10. EXTENSION WORK. Sen. Stennis spoke in favor of S. 3671, which would authorize State Extension Services to use GSA supply schedules and stores. pp. 17316-7
- * HOUSE
11. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1961. Both Houses agreed to the conference report on this bill, H. R. 13161, and acted on amendments in disagreement. This bill will now be sent to the President. (pp. 17332-50, 17283-94) As agreed to, the bill includes the following items: Provides \$237,500 for the Foreign Agricultural Service for agricultural market development and trade support activities (\$137,500 by direct appropriation and \$100,000 by transfer from funds appropriated under Section 32 of the Act of August 24, 1935, as compared with the budget estimate of \$330,000 and \$170,000, respectively). Provides \$650,000 (instead of \$1,300,000 as proposed by the Senate) for the special foreign currency program for the purchase of rupees to enable U. S.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs, with an amendment: At the end of the bill, add the following new section:

SEC. 3. Nothing in this Act shall prevent the Secretary of the Interior from establishing a national migratory bird refuge on the Federal lands referred to in this Act and the closing of these lands and water areas adjacent thereto to the taking, pursuit, or capture of migratory birds, if the Secretary of the Interior considers such action necessary in carrying out responsibilities of the United States pursuant to international treaties and implementing statutes. The Secretary is further authorized to cooperate and enter into agreements with the city of Wyandotte for the recreational use of these lands where not inconsistent with the purpose for which the refuge is established.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The amendments was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. JOHNSON of Texas. I move that the vote by which the bill was passed be reconsidered.

Mr. DIRKSEN. I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

CONVEYANCE OF TITLE TO CERTAIN LANDS BY OREGON SHORT LINE RAILROAD

Mr. JOHNSON of Texas. Mr. President, House bill 10586 is at the desk. I ask that it be laid before the Senate.

The Presiding Officer laid before the Senate the bill (H.R. 10586) to enable the Oregon Short Line Railroad Co. to convey title to certain lands in Idaho to the Pocatello First Corp. of the Church of Jesus Christ of Latter-day Saints which was read twice by its title.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. CHURCH. Mr. President, this bill enables the Oregon Short Line Railroad Co. to convey title to certain lands in Idaho to the Pocatello First Corp. of the Church of Jesus Christ of Latter-day Saints. An amendment in the House provides that the act shall become effective only if the church pays to the United States within 1 year the present fair market value of the land, less the value of improvements not placed thereon by the United States.

When the companion bill was considered in my Subcommittee on Indian Affairs, it was developed that the United States has only a reversionary interest, to take effect if the land ceases to be used by the railroad for its purposes. Consideration was given to a formula for compensation to the United States based on the value of the reversion, rather than the full market value.

I am now informed that the church is willing to pay the United States the full present value of the land, and thus I think the bill as passed by the House should be passed by the Senate.

The PRESIDING OFFICER. If there is no amendment to be offered, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

Mr. JOHNSON of Texas. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. DIRKSEN. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

PLANNING, DEVELOPMENT, MAINTENANCE, AND COORDINATION OF WILDLIFE, FISH, AND GAME CONSERVATION—CONFERENCE REPORT

Mr. ENGLE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2565) to promote effectual planning, development, maintenance, and coordination of wildlife, fish, and game conservation and rehabilitation in military reservations. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2565) to promote effectual planning, development, maintenance, and coordination of wildlife, fish, and game conservation and rehabilitation in military reservations, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 3, and 4.

That the House recede from its disagreement to the amendments of the Senate numbered 5 and 6, and agree to the same.

CLAIR ENGLE,
E. L. BARTLETT,
NORRIS COTTON,

Managers on the Part of the Senate.

HERBERT C. BONNER,
FRANK W. BOYKIN,
GEORGE P. MILLER,
THOR C. TOLLEFSON,
WILLIAM K. VAN PELT,

Managers on the Part of the House.

Mr. ENGLE. Mr. President, the conference report is a unanimous one, and adjusts certain technical difficulties regarding the management of fish and game permits on Federal military reservations.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

Mr. ENGLE subsequently said: Mr. President, I ask unanimous consent that there be printed in the RECORD at this point in my remarks a letter from the International Association of Game, Fish, and Conservation Commissioners of August 2, 1960, addressed to the two par-

ticular amendments which are under consideration in the conference report, in order to explain the action taken by this body.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INTERNATIONAL ASSOCIATION
OF GAME, FISH, AND
CONSERVATION COMMISSIONERS,
Raleigh, N.C., August 2, 1960.

The Honorable HERBERT C. BONNER,
Chairman, Committee on Merchant Marine
and Fisheries, House Office Building,
Washington, D.C.

DEAR MR. BONNER: It is our understanding that H.R. 2565, as passed by your committee and the House of Representatives and as amended in the Senate, may now be referred to your committee for concurrence with Senate amendments, or in the absence of such concurrence, for consideration by a conference committee.

It would appear to many of us in the States that the Senate in striking out the word "State" in line 1, page 2, of the bill and in making similar amendments in lines 8, 9, and 10 of the same page and in line 1, page 3, has turned over to the Department of Defense the authority to issue Federal permits to hunt and fish on military lands in the respective States. This, of course, has been undertaken by Federal agencies of the executive branch in the past; and while this bill, as amended by the Senate, would still provide for cooperative arrangements between the Department of Defense and State officials, it is a step in the direction of Federal domination of hunting and fishing license issuing powers.

I wonder if it would be possible for you to help us to retain the word "State" in line 1 of page 2 and also other words that would strengthen the States position. The International Association of Game, Fish, and Conservation Commissioners worded this bill very carefully, and you and your committee were most helpful to us in getting it passed in a form that protected the States interest. I hope that it will be possible for you to again assist us when this bill is referred to your committee for concurrence with Senate amendments.

I am of the opinion that it would be better to permit the bill to "lay on the table" insofar as this Congress is concerned rather than pass it as amended by the Senate.

With assurances of our highest esteem and very best wishes.

Cordially and sincerely,
CLYDE P. PATTON.

AMENDMENT OF FEDERAL AVIATION ACT OF 1958, RELATING TO ELIMINATION OF HEARINGS IN CERTAIN CASES

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1545) to amend the Federal Aviation Act of 1958 so as to authorize elimination of a hearing in certain cases under section 408, which was, to strike out all after the enacting clause and insert:

That section 408(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1378(b)) is amended by inserting immediately before the period at the end thereof a colon and the following: "Provided further, That, in any case in which the Board determines that the transaction which is the subject of the application does not affect the control of an air carrier directly engaged in the operation of aircraft in air transportation, does not result in creating a monopoly, and does

not tend to restrain competition, and determine that no person disclosing a substantial interest then currently is requesting a hearing, the Board, after publication in the Federal Register of notice of the Board's intention to dispose of such application without a hearing (a copy of which notice shall be furnished by the Board to the Attorney General not later than the day following the date of such publication), may determine that the public interest does not require a hearing and by order approve or disapprove such transaction".

SEC. 2. The amendment made by the first section of this Act shall apply only with respect to applications submitted to the Civil Aeronautics Board on or after the date of enactment of this Act.

Mr. MONRONEY. Mr. President, this merely involves rearranging the language of the amendment, and leads to the same end as the bill as passed by the Senate.

I move that the Senate concur in the amendment of the House.

The motion was agreed to.

AUTHORIZATION FOR PAYMENT OF CERTAIN CLAIMS AGAINST THE NATIONAL GUARD

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1764) to amend title 32, United States Code, to authorize the payment of certain claims against the National Guard, which were, to strike out all after the enacting clause and insert:

That chapter 7 of title 32, United States Code, is amended—

(1) by adding the following new section at the end thereof:

"§ 715. Property loss; personal injury or death: activities under certain sections of this title

"(a) Under such regulations as the Secretary of the Army or Secretary of the Air Force may prescribe, he or, subject to appeal to him, the Judge Advocate General of the armed force under his jurisdiction, if designed by him, may settle, and pay in an amount not more than \$5,000 a claim against the United States for—

"(1) damage to, or loss of, real property, including damage or loss incident to use and occupancy;

"(2) damage to, or loss of, personal property, including property bailed to the United States or the National Guard and including registered or insured mail damaged, lost, or destroyed by a criminal act while in the possession of the National Guard; or

"(3) personal injury or death;

either caused by a member of the Army National Guard or the Air National Guard, as the case may be, while engaged in training or duty under section 316, 502, 503, 504, or 505 of this title or any other provision of law for which he is entitled to pay under section 301 of title 37, or for which he has waived that pay, and acting within the scope of his employment; caused by a person employed under section 709 of this title acting within the scope of his employment; or otherwise incident to noncombat activities of the Army National Guard or the Air National Guard, as the case may be, under one of those sections.

"(b) A claim may be allowed under subsection (a) only if—

"(1) it is presented in writing within two years after it accrues, except that if the claim accrues in time of war or armed conflict or if such a war or armed conflict inter-

venes within two years after it accrues, and if good cause is shown, the claim may be presented not later than two years after the war or armed conflict is terminated;

"(2) it is not covered by section 2734 of title 10 or section 2672 of title 28;

"(3) it is not for personal injury or death of such a member or a person employed under section 709 of this title, whose injury or death is incident to his service;

"(4) the damage to, or loss of, property, or the personal injury or death, was not caused wholly or partly by a negligent or wrongful act of the claimant, his agent, or his employee; and

"(5) it is substantiated as prescribed in regulations of the Secretary concerned.

For the purposes of clause (1), the dates of the beginning and end of an armed conflict are the dates established by concurrent resolution of Congress or by a determination of the President.

"(c) Payment may not be made under this section for reimbursement for medical, hospital, or burial services furnished at the expense of the United States or of any State or the District of Columbia or Puerto Rico.

"(d) If the Secretary of the military department concerned considers that a claim in excess of \$5,000 is meritorious and would otherwise be covered by this section, he may pay the claimant \$5,000 and report the excess to Congress for its consideration.

"(e) Except as provided in subsection (d), no claim may be paid under this section unless the amount tendered is accepted by the claimant in full satisfaction.

"(f) In any case where the amount to be paid is not more than \$1,000, the authority contained in subsection (a) may be delegated to any officer of the Army or the Air Force, as the case may be, who has been delegated authority under section 2733(g) of title 10 to settle similar claims.

"(g) Notwithstanding any other provision of law, the settlement of a claim under this section is final and conclusive.

"(h) In this section, 'settle' means consider, ascertain, adjust, determine, and dispose of a claim, whether by full or partial allowance or disallowance."; and

(2) by adding the following new item at the end of the analysis:

"715. Property loss; personal injury or death: activities under certain sections of this title."

And to amend the title so as to read:

"An act to amend title 32, United States Code, to authorize the payment of certain claims against the National Guard."

Mr. JOHNSON of Texas. Mr. President, the House of Representatives made certain technical changes in the text of the bill. The amendments are satisfactory; and I move that the Senate concur in the amendments of the House.

The motion was agreed to.

PROTECTION AGAINST LOSS OF ACREAGE ALLOTMENTS BY CERTAIN FARM AND RANCH OPERATORS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3533) to protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments, which was, to strike out all after the enacting clause and insert:

That section 16 of the Soil Conservation and Domestic Allotment Act of 1933, as amended, is amended as follows:

(1) Paragraph (3) of subsection (b) is amended to read as follows:

"(3) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subsection by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;"

(2) Paragraph (4) of subsection (b) is amended to read as follows:

"(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under the program or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

SEC. 2. Section 112 of the Soil Bank Act, as amended, is amended as follows:

(1) Paragraph (1) is amended to read as follows:

"(1) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subtitle by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;"

(2) Paragraph (2) is amended to read as follows:

"(2) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under this subtitle or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

Mr. ELLENDER. Mr. President, on July 2, the Senate passed Senate bill 3533 to preserve the acreage and cropland history of land diverted to permanent vegetation under the Great Plains program. Preservation of such history is provided for by existing law for the duration of the contract. The bill extends such preservation for a period after termination of the contract equal to the period covered by the contract.

The House added a section which makes the same provision for conservation reserve contracts that the first section made for Great Plains program contracts.

I have consulted the ranking Republican member of the Committee on Agriculture and Forestry, and there is no objection to the amendment.

Mr. CASE of South Dakota. Mr. President, will the Senator from Louisiana yield to me?

Mr. ELLENDER. I yield.

Mr. CASE of South Dakota. Mr. President, I understand that the bill is similar to one which was called on the calendar a few days ago, to which I proposed to offer an amendment dealing with the wheat problem.

Under the parliamentary situation now existing, I recognize that to propose any additional amendments to this bill at this time would mean to delay and probably to defeat the passage of the bill which now is at the desk. I would not wish to do that.

I regard the bill which has been passed by the House, which carries out the proposal of the Senator from North Dakota to protect wheat acreage allotments to those who put more of their land into the Great Plains program, as wholly desirable legislation, and I would not want it to be defeated. Consequently, I shall not propose any amendment to the bill at this time.

But I intend to offer the text of my bill at the beginning of the next session of the Congress.

I thank the Senator from Louisiana for his courtesy.

Mr. ELLENDER. Mr. President, I move that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

ADDITIONAL FUNDS FOR INVESTIGATION OF ANTITRUST AND MONOPOLY LAWS

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 2000, Senate Resolution 368, providing additional funds for the investigation of antitrust and monopoly laws and their administration. I request, in particular, the attention of the Senator from Tennessee [Mr. KEFAUVER].

The motion was agreed to; and the Senate proceeded to consider the resolution.

Mr. DIRKSEN. Mr. President, I may state, for the RECORD, that I believe the purpose of the resolution is to take care of the 7½-percent pay increase, plus one additional minority staff member.

Mr. KEFAUVER. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

Resolved, That S. Res. 238, Eighty-sixth Congress, second session, agreed to February 8, 1960 (authorizing an investigation of antitrust and antimonopoly laws and their administration), is hereby amended by striking out "\$425,000" and inserting in lieu thereof "\$450,000."

STUDY OF TRANSPORTATION POLICIES

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the immediate consideration of Calendar No. 1998, Senate Resolution 355, amending Senate Resolution 244 authorizing the Committee on Interstate and Foreign Commerce to undertake a study of transportation policies in the United States.

There being no objection, the Senate proceeded to consider the resolution, which was considered and agreed to, as follows:

Resolved, That S. Res. 244, agreed to March 24, 1960, as amended by S. Res. 328, agreed to June 28, 1960, authorizing the Committee on Interstate and Foreign Commerce to undertake a study of transportation policies in the United States, is amended on page 4, line 5, by striking out "\$269,100" and inserting in lieu thereof "\$282,400".

DISSEMINATION OF POLITICAL OPINIONS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Order No. 1999, Senate Resolution 374.

The PRESIDING OFFICER. The resolution will be stated by title.

The LEGISLATIVE CLERK. A resolution (S. Res. 374) amending Senate Resolution 305, authorizing the Committee on Interstate and Foreign Commerce to undertake a study of the uses of Government-licensed media for the dissemination of political opinions, news, and so forth.

Mr. DIRKSEN. Mr. President, is this a consent request?

The PRESIDING OFFICER. Yes.

Mr. DIRKSEN. Lamentably enough, I must object.

Mr. JOHNSON of Texas. I give the Senator notice that it will probably be called up by motion later in the evening.

INVESTIGATION OF CERTAIN MATTER BY THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of order No. 2011, Senate Resolution 354.

The PRESIDING OFFICER. The resolution will be stated by title.

The LEGISLATIVE CLERK. A resolution (S. Res. 354) amending Senate Resolution 243 authorizing the Committee on Interstate and Foreign Commerce to investigate certain matter within its jurisdiction.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the resolution was considered and agreed to, as follows:

Resolved, That S. Res. 243, agreed to March 24, 1960, authorizing the Committee on Interstate and Foreign Commerce to investigate certain matters within its jurisdiction, is amended on page 3, line 5, by striking out "\$291,595" and inserting in lieu thereof "\$303,120".

ORDER OF BUSINESS—AMENDMENT OF HELIUM ACT

Mr. JOHNSON of Texas. Mr. President, I wonder if we could get an agreement on time with respect to the helium bill. Does the Senator from Colorado have any suggestion?

Mr. ALLOTT. I have no particular suggestion, Mr. President. The junior Senator from Colorado [Mr. CARROLL] has not spoken yet, and wants to.

Mr. LAUSCHE. Mr. President, I would object to any agreement on the time. I have two amendments I desire to offer.

ANNOUNCEMENT OF HEARINGS BY COMMITTEE ON ARMED SERVICES TOMORROW MORNING BEGINNING AT 10:30 A.M., ON STOPPAGE OF WORK ON CERTAIN CAPEHART HOUSING PROJECTS

Mr. JAVITS obtained the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, the Senator from South Dakota would like to announce that tomorrow morning at 10:30, in the Committee on Armed Services, there will be a hearing on the stoppage of work on some Capehart housing projects. We shall be looking particularly into the contracts which are supposed to have been processed by Mr. Hal Hayes. In view of the fact that Congress probably will adjourn tonight, there will be no opportunity for an announcement otherwise. So I make this announcement in order that those who are interested may know about it.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. JAVITS. Mr. President, I have the floor. I yield to the Senator from North Dakota.

Mr. YOUNG of North Dakota. I am very happy that these hearings will be held. There has been difficulty in my State in regard to these contracts.

Mr. CASE of South Dakota. That is correct. There has been difficulty at Grand Forks, N. Dak.; Beale Air Force Base, Calif.; Lejeune Marine Corps Base, N.C.; and Elsworth Air Force Base, S. Dak. The Defense Department is not getting the housing which it has under contract. The subcontractors are not being paid. The Subcommittee on Military Construction proposes to go into the matter to see what can be done.

PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE PHYSICALLY HANDICAPPED

Mr. JAVITS. Mr. President, I ask unanimous consent that I may yield to the majority leader in order that certain bills may be passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Committee on Education and Labor, to

which was referred H.R. 12458, be discharged from the further consideration of the bill, and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 12458) to increase the amount authorized to be appropriated for the work of the President's Committee on Employment of the Physically Handicapped.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill.

Mr. HILL. Mr. President, this bill would increase from \$225,000 annually to \$300,000 annually the authorization for appropriations of the President's Committee on Employment of the Physically Handicapped.

Since 1954, when the authorization was fixed at \$225,000, the costs of operation, including salaries, goods, and services, has increased. In addition, methods with respect to fiscal budgeting has been changed in such a way as to increase the expenses of the President's Committee for its post office mailing costs, the Government's share of the retirement costs of its employees, and its printing costs. These factors have pressed the Committee into a financial situation whereby it is necessary at times to solicit private organizations to bear the cost of publishing some of its printed material. In addition to this, the operating expenses have increased because the program has been set up and widely accepted with active State committees in every State.

The Committee works with employers to promote the hiring of physically handicapped, conducts a program to increase public knowledge and understanding of the problems connected with hiring the handicapped, determines the capabilities of handicapped workers, studies special employment problems of disabled veterans, and encourages the organization of State committees to work in behalf of employment of the handicapped.

H.R. 12458 has the complete approval of the Department of Health, Education, and Welfare, the Department of Labor, and the Bureau of the Budget. Letters from each of these agencies appear in the report of the House.

Mr. DIRKSEN. Mr. President, the Secretary of Health, Education, and Welfare has expressed quite an interest in this bill. Is that correct?

Mr. HILL. That is correct.

Mr. DIRKSEN. These bills have the full concurrence of the minority.

Mr. HILL. And they have the full support of the Department of Health, Education, and Welfare.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 12458) was ordered to a third reading, was read the third time, and passed.

AMENDMENT OF THE PUBLIC HEALTH SERVICE ACT TO AUTHORIZE INSTITUTIONAL RESEARCH GRANTS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Committee on Education and Labor, to which was referred H.R. 10341, be discharged from the further consideration of the bill, and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 10341) to amend the Public Health Service Act to authorize grants-in-aid to universities, hospitals, laboratories, and other public or nonprofit institutions to strengthen their programs of research and research training in sciences related to health.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill.

Mr. HILL. Mr. President, this bill does not increase any authorization for appropriation, and it does not increase any appropriation.

The purpose of the legislation is to give the Surgeon General authority to make grants for the general support of the research programs of institutions (referred to in brief as "institutional research grants"), as well as the grants now authorized by the Public Health Service Act to support specific projects proposed by individual applicants.

The funds for the general grants would be obtained by setting aside a uniform percentage, not to exceed 5 percent, of the appropriations to the National Institutes of Health for research grants authorized in existing legislation. Applications for the general grants would be made by schools of medicine, dentistry, and public health and reviewed by the National Advisory Health Council.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 10341) was ordered to a third reading, read the third time, and passed.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the votes by which H.R. 12458 and H.R. 10341 were passed be reconsidered.

Mr. HILL. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CLEARING TITLE TO PROPERTY BELONGING TO GALLAUDET COLLEGE

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Committee on Education and Labor, to which was referred H.R. 12699, be discharged from the further consideration of the bill, and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 12699) to cancel a deed of trust to the

United States from the predecessor in name of Gallaudet College and any evidences of indebtedness related to the same transaction, to quiet the college's title to property belonging to it, and for other purposes.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill.

Mr. HILL. Mr. President, the purpose of H.R. 12699 is to clear the title to the real property owned by Gallaudet College and reconvey to the corporation free and clear of indebtedness or encumbrances all real property which was conveyed to the United States, as trustee, by the institution under its former name of Columbia Institution for the Instruction of the Deaf and Dumb, in 1872. Since 1954 the official name of the institution is Gallaudet College. The bill does not, however, change the existing provision of law which requires the approval by the Secretary of Health, Education, and Welfare of any action which Gallaudet College may make with respect to any of its real property.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 12699) was ordered to a third reading, was read the third time, and passed.

AMENDMENT OF THE HELIUM ACT

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of Calendar No. 1884, H.R. 10548, amendment of the Helium Act.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate resumed the consideration of the bill (H.R. 10548) to amend the Helium Act of September 1, 1937, as amended, for the defense, security, and general welfare of the United States.

ORDER OF BUSINESS

Mr. ROBERTSON. Mr. President, is it the intention of the majority leader to bring up tonight Calendar No. 1975, House Joint Resolution 402, relating to an interstate compact to handle the traffic situation in metropolitan Washington, D.C.?

Mr. JOHNSON of Texas. Yes, particularly if I can get a unanimous-consent agreement when two or three of these bills are passed.

Mr. ROBERTSON. The Senator from Virginia wished to notify three or four Senators who would like to be present. He has been assured there will be no extended debate on the subject.

Mr. JOHNSON of Texas. That is fine.

Mr. ROBERTSON. No unanimous-consent request will be necessary.

Mr. JOHNSON of Texas. The bill will be taken up for consideration this evening. I should like to get unanimous consent, because it might be necessary.

Public Law 86-793
86th Congress, S. 3533
September 14, 1960

AN ACT

74 STAT. 1030.

To protect farm and ranch operators making certain land use changes under the Great Plains conservation program against loss of acreage allotments.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16 of the Soil Conservation and Domestic Allotment Act of 1938, as amended, is amended as follows: Great Plains conservation program.

- (1) Paragraph (3) of subsection (b) is amended to read as follows: Acreage allotments.
“(3) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subsection by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;” 49 Stat. 1151.
16 USC 590p.
52 Stat. 31.
7 USC 1281.

- (2) Paragraph (4) of subsection (b) is amended to read as follows:

“(4) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under the program or in order to maintain, for such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended.”

SEC. 2. Section 112 of the Soil Bank Act, as amended, is amended as follows: 70 Stat. 195.
7 USC 1836.

- (1) Paragraph (1) is amended to read as follows:

“(1) insofar as the acreage of cropland on any farm enters into the determination of acreage allotments and marketing quotas under the Agricultural Adjustment Act of 1938, as amended, the cropland acreage on the farm shall not be decreased during the period of any contract heretofore or hereafter entered into under this subtitle by reason of any action taken for the purpose of carrying out such contract and, under regulations of the Secretary, shall not be decreased, for such period after the expiration of the contract as is equal to the period of the contract, by reason of the maintenance of any change in land use from cultivated cropland to permanent vegetation carried out under the contract;” 52 Stat. 31.
7 USC 1281.

- (2) Paragraph (2) is amended to read as follows:

“(2) the acreage on any farm which is determined under regulations of the Secretary to have been diverted from the production of any commodity subject to acreage allotments or marketing quotas in order to carry out any contract heretofore or hereafter entered into under this subtitle or in order to maintain, for

such period after the expiration of the contract as is equal to the period of the contract, any change in land use from cultivated cropland to permanent vegetation carried out under the contract shall be considered acreage devoted to the commodity for the purposes of establishing future State, county, and farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended."

52 Stat. 31.
7 USC 1281.

Approved September 14, 1960.

